KAZYNA
CAPITAL
MANAGEMENT

Kazyna Capital Management JSC

Condensed Consolidated Interim Financial Statements

for the six months ended 30 June 2018

Contents

«КПМГ Аудит» жауапкершілігі шектеулі серіктестік
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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To management and the Board of Directors of Kazyna Capital Management JSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Kazyna Capital Management JSC and its subsidiaries (the "Group") as at 30 June 2018, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated 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 condensed consolidated 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 condensed consolidated interim financial information as at 30 June 2018 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Assel Urdabayeva
Authorised representative (Partner)
KPMG Audit LLC
Almaty, Republic of Kazakhstan
7 August 2018

'000 KZT	Note	Unaudited For the six months ended 30 June 2018	Unaudited For the six months ended 30 June 2017*
Interest income measured using effective interest rate method	6	1,507,404	1,493,251
(Loss)/gain on financial instruments at fair value through profit or loss	16(b)	(4,070,918)	913,149
Net gain on financial derivatives		1,396,474	668,762
Dividend income from financial instruments at fair alue through profit or loss	10	3,986,912	981,901
Net foreign exchange gain/(loss)		1,803,567	(2,064,747)
Net gain on financial assets at fair value through other comprehensive income		132,674	41,556
Other operating income		75,590	32,108
Operating income		**4,831,703**	**2,065,980**
Recovery of credit loss allowance		106,798	-
Personnel expenses		(193,161)	(139,502)
Other general administrative expenses		(225,948)	(238,817)
Profit before income tax		**4,519,392**	**1,687,661**
Income tax benefit/(expense)	7	146,006	(473,179)
Profit for the period		**4,665,398**	**1,214,482**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value reserve:			
- Net change in fair value, net of income tax		(1,873,286)	43,001
- Net change in fair value transferred to profit or loss		(144,315)	(37,520)
Other comprehensive income for the period, net of income tax		**(2,017,601)**	**5,481**
Total comprehensive income for the period		**2,647,797**	**1,219,963**

* The Group has initially applied IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 2 (e)).

The condensed consolidated interim financial statements as set out on pages 4 to 44 were approved by management on 7 August 2018 and was signed on its behalf by:

Timur Beguliyev
Deputy Chairman of the Management Board

Raukhan Kutybayeva
Chief Accountant

The condensed consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 44.

'000 KZT	Note	Unaudited 30 June 2018	31 December 2017*
ASSETS			
Cash and cash equivalents	8	10,709,991	9,064,474
Amounts due from credit institutions	9	3,123,281	7,254,801
Financial instruments at fair value through profit or loss	10	56,403,636	66,204,654
Investment financial assets	11	72,758,968	60,448,613
Current tax asset		492,151	1,606,388
Deferred tax asset		702,611	-
Property, plant and equipment and intangible assets		31,671	36,569
Other assets		100,628	167,925
Total assets		**144,322,937**	**144,783,424**
LIABILITIES			
Financial instruments at fair value through profit or loss	10	6,630,182	8,026,656
Deferred tax liability		-	720,167
Other liabilities		275,236	274,884
Total liabilities		**6,905,418**	**9,021,707**
EQUITY			
Share capital		87,440,000	87,440,000
Securities fair value reserve		(925,479)	953,363
Retained earnings		50,902,998	47,368,354
Total equity		**137,417,519**	**135,761,717**
Total liabilities and equity		**144,322,937**	**144,783,424**

* The Group has initially applied IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 2 (e)). As a result of adoption of IFRS 9 the Group changed presentation of certain captions, comparative information is re-presented accordingly (see Note 3(e)).

The condensed consolidated interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 44.

'000 KZT	Unaudited For the six months ended 30 June 2018	Unaudited For the six months ended 30 June 2017*
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income	1,412,821	1,711,770
Dividends received	3,986,912	820,655
Personnel expenses payments	(232,567)	(148,381)
Other general administrative expenses payments	(363,179)	(329,030)
Other income	10,022	31,736
(Increase)/decrease in operating assets		
Financial instruments at fair value through profit or loss	5,730,100	(1,727,348)
Purchase of financial investment assets	(25,171,994)	(16,265,275)
Sale and repayment of financial investment assets	12,597,736	3,650,620
Amounts due from credit institutions	4,540,790	11,097,093
Other assets	(81,375)	503,152
Net cash from/(used in) operating activities before income tax paid	**2,429,266**	**(655,008)**
Income tax paid	(34,850)	(411,934)
Cash flows from/(used in) operations	**2,394,416**	**(1,066,942)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and intangible assets	(91)	(7,686)
Cash flows used in investing activities	**(91)**	**(7,686)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(882,282)	-
Cash used in operating activities	**(882,282)**	-
Net increase /(decrease) in cash and cash equivalents	**1,512,043**	**(1,074,628)**
Effect of changes in exchange rates on cash and cash equivalents	133,474	(90,316)
Cash and cash equivalents at the beginning of the period	9,064,474	4,384,088
Cash and cash equivalents as at the end of the period (Note 8)	**10,709,991**	**3,219,144**

* The Group has initially applied IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 2(e)).

The condensed consolidated interim statement of cash flows is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 44.

'000 KZT	Share capital	Securities fair value reserve	Retained earnings	Total
Balance at 1 January 2018	**87,440,000**	**953,363**	**47,368,354**	**135,761,717**
Impact of adopting IFRS 9 as at 1 January 2018 (see Note 5), unaudited*	-	138,759	(248,472)	(109,713)
Restated balance as at 1 January 2018, unaudited	**87,440,000**	**1,092,122**	**47,119,882**	**135,652,004**
Profit for the period, unaudited	-	-	4,665,398	4,665,398
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Net change in fair value, net of income tax, unaudited	-	(1,873,286)	-	(1,873,286)
Net change in fair value transferred to profit or loss, unaudited	-	(144,315)	-	(144,315)
Total other comprehensive income, unaudited	-	(2,017,601)	-	(2,017,601)
Total comprehensive income for the period, unaudited	**-**	**(2,017,601)**	**4,665,398**	**2,647,797**
Transactions with owners recorded directly in equity				
Dividends declared, unaudited	-	-	(882,282)	(882,282)
Total transactions with owner, unaudited	**-**	**-**	**(882,282)**	**(882,282)**
Balance at 30 June 2018, unaudited	**87,440,000**	**(925,479)**	**50,902,998**	**137,417,519**

* The Group has initially applied IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 2(e)).

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 44.

'000 KZT	Share capital	Revaluation reserves for available-for-sale financial assets	Retained earnings	Total
Balance at 1 January 2017	**87,440,000**	**369,696**	**44,539,501**	**132,349,197**
Total comprehensive income				
Profit for the period, unaudited	-	-	1,214,482	1,214,482
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Net change in fair value of available-for-sale financial assets, net of income tax, unaudited	-	43,001	-	43,001
Net change in fair value of available-for-sale financial assets transferred to profit or loss, unaudited	-	(37,520)	-	(37,520)
Total other comprehensive income, unaudited	-	5,481	-	5,481
Total comprehensive income for the period, unaudited	-	**5,481**	**1,214,482**	**1,219,963**
Balance at 30 June 2017, unaudited	**87,440,000**	**375,177**	**45,753,983**	**133,569,160**

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 44.

1 Background

(a) Organisation and operations

Kazyna Capital Management Joint Stock Company ("the Company") and its subsidiaries (together referred to as "the Group") was established by the Government of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan as a joint stock company on 7 March 2007. According to the resolution #516 of the Committee of Government property and the order #630 of the Ministry of Finance of the Republic of Kazakhstan dated 25 May 2013 100% shares of the Company were transferred from Sovereign Wealth Fund "Samruk-Kazyna" JSC to National Management Holding "Baiterek" Joint Stock Company. The ultimate principal shareholder of the Group is the Government of the Republic of Kazakhstan.

The principal activities of the Group are the establishment of and participation in investment funds and investments in financial instruments.

The Company's registered office is Building 55A, Mangilik El Avenue, Yessil District, Astana, Republic of Kazakhstan.

The principal subsidiaries are as follows:

			Ownership, %	
Name	**Country of incorporation**	**Principal activities**	**Unaudited 30 June 2018**	**31 December 2017**
Nurzhol Energy LLC	Kazakhstan	Investment in Macquarie Renaissance Infrastructure Fund	-	100.00
MRIF CASP C.V.**	The Netherlands	Investment in Macquarie Renaissance Infrastructure Fund	-	99.00
Kazyna Investment Holding Cooperatief U.A.**	The Netherlands	Investment in Falah Growth Fund	-	100.00
Kazyna Seriktes B.V.**	The Netherlands	Investments in funds	100.00	100.00
Baiterek Venture Fund JSC*	Kazakhstan	Investment in private equity projects	100.00	100.00

*Under IFRS 10, the Company has determined that it qualifies as an investment entity, and subsidiaries are therefore measured at fair value through profit or loss, except for a subsidiary which itself undertakes investment-related services or activities – Baiterek Venture Fund JSC. Baiterek Venture Fund JSC has been created by the Decision of the Board of Directors of the Company on 23 March 2014 and also qualifies as an investment entity.

** In June 2018 the Group has restructured the private equity funds (the "PEF") and foreign subsidiaries and performed necessary arrangements to transfer the Group's assets to the special purpose vehicle (SPV) Kazyna Seriktes B.V., which is 100% subsidiary of the Group incorporated in the Netherlands. The Group transferred to Kazyna Seriktes B.V. the assets of 10 DIFs (Falah Growth Fund L.P., Russian-Kazakhstan Nanotechnology Fund, Macquarie Russia & CIS Infrastructure Fund L.P., Kazakhstan Infrastructure Fund C.V., ADM Kazakhstan Capital Restructuring Fund C.V., Kazakhstan Growth Fund L.P., DBK Equity Fund C.V., Wolfensohn Capital Partners L.P., CITIC Kazyna Investment Fund I L.P. and Islamic Infrastructure Fund L.P.).

The Group's investments in DIFs have been restructured to optimise the tax burden of the Group's entities.

1 Background, continued

(b) Kazakhstan and CIS business environment

The Group's operations are primarily located in Kazakhstan. Consequently, the Group is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. The condensed consolidated interim financial statements reflect management's assessment of the impact of the business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

The accompanying condensed consolidated interim financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2017 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

(b) Basis of measurement

The condensed consolidated interim financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss, certain investments in subsidiaries and investment financial assets are measured at fair value.

(c) Functional and presentation currency

The functional currency of the Company and of its consolidated subsidiary is the Kazakhstan tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them. The KZT is also the presentation currency for the purposes of this condensed consolidated interim financial statements. Financial statements presented in KZT are rounded to the nearest thousand.

(d) Use of estimates and judgments

In preparing these condensed consolidated interim financial statements, management has made judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results could differ from those estimates.

The significant judgements made by management in applying the Group's accounting policies are the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017, except for the areas described below.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the condensed consolidated interim financial statements is included in the following notes:

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 5(a).

2 Basis of preparation, continued

(d) Use of estimates and judgments, continued

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the six months ended 30 June 2018 is included in the following notes:

- impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL – Note 4.

(e) Changes in accounting policies and presentation

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. It replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

In October 2017, the IASB issued Prepayment Features with Negative Compensation (Amendments to IFRS 9). The amendments are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group has adopted IFRS 9 'Financial Instruments' issued in July 2014 with a date of initial application of 1 January 2018 and early adopted amendments to IFRS 9 on the same date. The requirements of IFRS 9 represent a significant change from IAS 39 '*Financial Instruments: Recognition and Measurement*. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised below.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification. For an explanation of how the Group classifies financial assets under IFRS 9, see Note 3(b)(i).

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

For an explanation of how the Group classifies financial liabilities under IFRS 9, see Note 3(b)(i).

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39. For an explanation of how the Group applies the impairment requirements of IFRS 9, see Note 3(b)(iii).

2 Basis of preparation, continued

(e) Changes in accounting policies and presentation

IFRS 9 Financial Instruments, continued

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for the six-month period ended 30 June 2017 and as at 31 December 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented as at and for the six-month period ended 30 June 2018 under IFRS 9.
- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that exist at the date of initial application.

For more information and details on the changes and implications resulting from the adoption of IFRS 9, see Note 5.

3 Significant accounting policies

The accounting policies applied in this condensed consolidated interim financial statements are the same as those applied in the last annual financial statements, except as explained below, related to the Group's adoption of IFRS 9 (Note 2(e)), which is applicable from 1 January 2018.

Explanation of how the Group applies changes in accounting policy is presented below.

(a) Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost versus gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

3 Significant accounting policies, continued

(a) Interest income and expense, continued

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see (b)(iii).

Presentation

Interest income and expense presented in the condensed consolidated statement of profit or loss and other comprehensive include:

- interest on financial assets and financial liabilities measured at amortised cost calculated using the effective interest method;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;

(b) Financial assets and financial liabilities

(i) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

3 Significant accounting policies, continued

(b) Financial assets and financial liabilities, continued

(i) Classification, continued

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.
- financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

3 Significant accounting policies, continued

(b) Financial assets and financial liabilities, continued

(i) Classification, continued

Assessment whether contractual cash flows are solely payments of principal and interest, continued

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements);
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The Group should reclassify financial assets if the Group changes its business model for managing those financial assets. Such changes are expected to be very infrequent. Such changes are determined by the Group's senior management as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties. Accordingly, a change in the Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations; for example, when the Group has acquired, disposed of or terminated a business line.

Financial liabilities are not reclassified subsequent to their initial recognition.

(ii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

3 Significant accounting policies, continued

(b) Financial assets and financial liabilities, continued

(ii) Modification of financial assets and financial liabilities, continued

Financial assets, continued

The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the issuer (see (b)(iii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (see (a)).

For instruments, where the issuer has an option to prepay the loan at par without significant penalty, the Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

As part of credit risk management activities, the Group renegotiates instruments of issuers in financial difficulties (referred to as 'forbearance activities'). If the Group plans to modify a financial asset in a way that would result in forgiveness of part of the existing contractual cash flows, then a portion of the asset is written off (see (b)(iii)) before the modification takes place. This is likely to result in the remaining contractual cash flows that are still recognised as the original financial asset at the point of modification to be similar to the new modified contractual cash flows. If based on quantitative assessment the Group concludes that modification of financial assets modified as part of the Group's forbearance policy is not substantial, the Group performs qualitative evaluation of whether the modification is substantial.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

3 Significant accounting policies, continued

(b) Financial assets and financial liabilities, continued

(ii) Modification of financial assets and financial liabilities, continued

Financial liabilities, continued

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iii) Impairment

See also Note 4.

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 4).

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;

3 Significant accounting policies, continued

(b) Financial assets and financial liabilities, continued

(iii) Impairment, continued

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the issuer, then an assessment is made of whether the financial asset should be derecognised (see (b)(ii)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Note 4).
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the issuer will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties.

An instrument that has been renegotiated due to a deterioration in the issuer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, financial instruments that are overdue for 90 days or more are considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

3 Significant accounting policies, continued

(b) Financial assets and financial liabilities, continued

(iii) Impairment, continued

Presentation of allowance for ECL in the condensed consolidated statement of financial position

Loss allowances for ECL are presented in the condensed consolidated statement of financial position as follows:

- *financial assets measured at amortised cost:* as a deduction from the gross carrying amount of the assets;
- *debt instruments measured at FVOCI:* no loss allowance is recognised in the condensed consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-offs

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the issuer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(c) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value through profit or loss.

(d) Investment financial assets

The 'investment financial assets' caption in the condensed consolidated statement of financial position includes debt securities measured at fair value through other comprehensive income (see section b(i)).

(e) Comparative information

As a result of adoption of IFRS 9 the Group changed presentation of certain captions in the primary forms of condensed consolidated interim financial statements. Comparative information is reclassified to conform to changes in presentation in the current period.

The effect of the changes above on the condensed consolidated statement of financial position is summarized in the table below:

'000 KZT	As previously reported	Effect of reclassifications	As reclassified
Available-for-sale financial assets	60,448,613	(60,448,613)	-
Investment financial assets	-	60,448,613	60,448,613

(f) New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application if permitted; however, the Group has not early adopted the following new or amended standards in the preparing these condensed consolidated interim financial statements.

4 Financial risk review

This note presents information about the Group's exposure to financial risks. For information on the Group's financial risk management framework, see Note 14 in the consolidated financial statements of the Group as of 31 December 2017 and for the year then ended.

Credit risk - Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 3(b)(iii).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of issuer.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the issuer. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

- Information obtained during periodic review of issuer files – e.g. audited financial statements, management accounts, budgets and projections;
- Data from credit reference agencies, press articles, changes in external credit ratings;
- Payment record – this includes overdue status as well as a range of variables about payment ratios;
- Actual and expected significant changes in the political, regulatory and technological environment of the issuer or in its business activities.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects default information about its credit risk exposures analysed by type of product and issuer as well as by credit risk grading.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The Group uses expert judgment in assessment of forward-looking information. This assessment is based also on external information (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

4 Financial risk review, continued

Credit risk - Amounts arising from ECL, continued

Inputs, assumptions and techniques used for estimating impairment, continued

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The Group will deem the credit risk of a particular exposure to have increased significantly since initial recognition if, the credit rating of an issuer is determined to have decreased by 2 and more positions since initial recognition.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Modified financial assets

The contractual terms of an instrument may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the issuer. An existing instrument whose terms have been modified may be derecognised and the renegotiated instrument recognised as a new instrument at fair value in accordance with the accounting policy set out in Note 3(b)(ii).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 3(b)(iii)) /in default. An issuer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Definition of default

The Group considers a financial asset to be in default when:

- the issuer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the issuer is past due more than 90 days on any material credit obligation to the Group.

In assessing whether an issuer is in default, the Group considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

4 Financial risk review, continued

Credit risk - Amounts arising from ECL, continued

Inputs, assumptions and techniques used for estimating impairment, continued

Incorporating of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group uses expert judgment in assessment of forward-looking information. This assessment is based also on external information. External information may include economic data and forecasts published by governmental bodies, NBRK, Ministry of National Economy of the RK and selected private sector and academic forecasters. This key driver that affect assessment of credit risk and credit losses is GDP forecast.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date of ratios exposed to credit risk. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used by the Group to derive the PD. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any i's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of a debt.

For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

4 Financial risk review, continued

Credit risk - Amounts arising from ECL, continued

Inputs, assumptions and techniques used for estimating impairment, continued

Measurement of ECL, continued

	Carrying amount 30 June 2018	External benchmarks used	
		PD	LGD
Cash and cash equivalents	10,709,991		Moody's recovery studies for positions inside Kazakhstan
Amounts due from credit institutions	3,123,281		LGD is based on historical recovery data from defaulted financial institutions
Investment financial assets	72,758,968	Moody's default study	

Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments as at 30 June 2018 and available-for sale debt assets as at 31 December 2017. Unless specially indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3(b)(iii).

	30 June 2018		
'000 KZT	**12-month ECL**	**Lifetime ECL credit-impaired**	**Total**
Cash and cash equivalents			
- rated from BB- to BB+	9,627,413	-	9,627,413
- rated from B- to B+	17,904	-	17,904
- not rated (Citibank Kazakhstan JSC)	1,064,674	-	1,064,674
Carrying amount	**10,709,991**	**-**	**10,709,991**
Amounts due from credit institutions			
- rated from BB- to BB+	2,555,048	-	2,555,048
- rated from B- to B+	591,256	-	591,256
- rated D	-	8,088,107	8,088,107
	3,146,304	**8,088,107**	**11,234,411**
Impairment allowance	(23,023)	(8,088,107)	(8,111,130)
Carrying amount	**3,123,281**	**-**	**3,123,281**

	30 June 2018		
'000 KZT	**12-month ECL**	**Lifetime ECL credit-impaired**	**Total**
Investment financial assets			
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	17,061,511	-	17,061,511
- rated from BBB- to BBB+	35,606,037	-	35,606,037
- rated from BB- to BB+	18,881,693	-	18,881,693
- rated from B- to B+	1,209,727	-	1,209,727
	72,758,968	**-**	**72,758,968**
Impairment allowance	(118,650)	-	(118,650)
Total carrying amount	**73,791,537**	**-**	**73,791,537**
Gross carrying amount	**72,758,968**	**-**	**72,758,968**

5 Transition to IFRS 9

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018.

'000 KZT	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Reclassification	Remeasurement	New carrying amount under IFRS 9
Financial assets							
Cash and cash equivalents	8	Loans and receivables	Amortised cost	9,064,474	-	-	9,064,474
Amounts due from credit institutions*	9	Loans and receivables	Amortised cost	7,254,801	-	(109,713)	7,145,088
Financial instruments at fair value through profit or loss	10	FVTPL (mandatory)	FVTPL (mandatory)	66,204,654	-	-	66,204,654
Available-for-sale financial assets	11	Available for sale	-	60,448,613	(60,448,613)	-	-
Investment financial assets (a)		-	FVOCI	-	60,448,613	-	60,448,613
Other financial assets		Amortised cost	Amortised cost	111,133	-	-	111,133
Total financial assets				**143,083,675**	**-**	**(109,713)**	**142,973,962**
Financial instruments at fair value through profit or loss		FVTPL (mandatory)	FVTPL (mandatory)	8,026,656	-	-	8,026,656
Other financial liabilities		Amortised cost	Amortised cost	197,920	-	-	197,920
Total financial liabilities				**8,224,576**	**-**	**-**	**8,224,576**

*As of 1 January 2018, the Group had a deposit in a bank with a carrying value of zero in accordance with IAS 39. This financial asset is classified as a financial instrument at fair value through profit or loss in accordance with IFRS 9, since it does not pass SPPI test. The fair value of this asset is estimated as being equal to zero as of 1 January 2018. Impairment reserve in the amount of KZT 664,242 thousand was written off on the date of transition to IFRS 9.

5 Transition to IFRS 9, continued

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9, continued

The Group's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 3(b)(i). The application of these policies resulted in the reclassifications set out in the table above and explained below.

(a) Certain debt securities are held by the Group Central Treasury in separate portfolios to meet everyday liquidity needs. The Group Central Treasury seeks to minimise the costs of managing those liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Group considers that under IFRS 9 these securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The following table analyses the impact, net of tax, of transition to IFRS 9 on reserves and retained earnings.

'000 KZT	Impact of adopting IFRS 9 at 1 January 2018
Security credit reserve	
Closing balance under IAS 39 (31 December 2017)	953,363
Recognition of expected credit losses under IFRS 9 for debt investment securities at FVOCI	138,759
Opening balance under IFRS 9 (1 January 2018)	**1,092,122**
Retained earnings	
Closing balance under IAS 39 (31 December 2017)	47,368,354
Recognition of expected credit losses under IFRS 9	(248,472)
Opening balance under IFRS 9 (1 January 2018)	**47,119,882**

For financial assets, this table is presented by the related financial assets' measurement categories in accordance with IAS 39 and IFRS 9, and shows separately the effect of the changes in the measurement category on the loss allowance at the date of initial application of IFRS 9, i.e. as at 1 January 2018.

	Impairment allowance and provisions		
'000 KZT	31 December 2017 (IAS 39/ IAS 37)	Remeasurement	1 January 2018 (IFRS 9)
Amounts due from credit institutions	(8,544,859)	554,529	(7,990,330)
Available-for-sale debt investment securities under IAS 39 reclassified to FVOCI under IFRS 9	-	(138,759)	(138,759)

6 Interest income calculated using effective interest rate method

	Unaudited Six months ended 30 June 2018 '000 KZT	Unaudited Six months ended 30 June 2017 '000 KZT
Investment financial assets	1,378,736	898,826
Amounts due from credit institutions	128,652	589,425
Other assets	16	5,000
	1,507,404	**1,493,251**

7 Income tax (benefit)/expense

	Unaudited Six months ended 30 June 2018 '000 KZT	Unaudited Six months ended 30 June 2017 '000 KZT
Current year tax expense	1,276,772	34,046
Movement in deferred tax assets and liabilities due to origination and reversal of temporary differences and movement in valuation allowance	(1,422,778)	349,083
Current tax expense underprovided in prior years	-	90,050
Total income tax expense	**(146,006)**	**473,179**

The applicable tax rate for current and deferred tax is 20% (31 December 2017: 20%).

Reconciliation of effective tax rate for the six months ended 30 June 2018:

	Unaudited Six months ended 30 June 2018 '000 KZT	%	Unaudited Six months ended 30 June 2017 '000 KZT	%
Profit before income tax	4,519,392	100	1,687,661	100
Income tax at the applicable tax rate	903,878	20	337,532	20
Restructuring of private equity funds*	(2,434,567)	(54)	-	-
Non-deductible losses on revaluation of financial instruments at fair value through profit or loss	1,658,259	37	-	-
Non-taxable income	(308,381)	(7)	(67,996)	(4)
Non-deductible expenses	34,805	1	141,183	8
Current tax expense underprovided in prior years	-	-	90,050	5
Decrease in previously recognised deferred tax liability	-	-	(27,590)	(2)
	(146,006)	(3)	473,179	27

* During the six months the Group has restructured the private equity funds and foreign subsidiaries in order to optimize the tax burden and performed the necessary arrangements to transfer the Group's assets to a special purpose vehicle (SPV) Kazyna Seriktes B.V. (see Note 1). The Company decreased its taxable profit and deferred tax liability on financial assets at fair value through profit or loss by KZT 2,434,567 thousand due to transfer of assets.

8 Cash and cash equivalents

	Unaudited 30 June 2018 '000 KZT	31 December 2017 '000 KZT
Current accounts with other banks		
- rated from BB- to BB+	9,627,413	7,123,940
- rated from B- to B+	17,904	332,126
- not rated (Citibank Kazakhstan JSC)	1,064,674	1,608,408
	10,709,991	9,064,474

Credit ratings were assigned based on the rating scale of Standard & Poor's or equivalent ratings. None of cash and cash equivalents are impaired or past due.

9 Amounts due from credit institutions

	Unaudited 30 June 2018 '000 KZT	31 December 2017 '000 KZT
- rated from BB to BB+	2,555,048	455,881
- rated from B- to B+	591,256	6,798,920
- rated D	8,088,107	7,880,617
- not rated	-	664,242
	11,234,411	15,799,660
Impairment allowance	(8,111,130)	(8,544,859)
	3,123,281	7,254,801

9 Amounts due from credit institutions, continued

Credit ratings were assigned based on the rating scale of Standard & Poor's or equivalent ratings.

	Unaudited Six months ended 30 June 2018			Unaudited Six months ended 30 June 2017
	12-month ECL	Lifetime ECL credit-impaired	Total '000 KZT	'000 KZT
Opening balance	-	8,544,859	8,544,859	8,616,536
Impact of adopting IFRS 9, unaudited	109,713	(664,242)	(554,529)	-
Reversal of provision, unaudited	(86,690)	-	(86,690)	-
Foreign exchange difference, unaudited	-	207,490	207,490	(71,677)
Closing balance, unaudited	**23,023**	**8,088,107**	**8,111,130**	**8,544,859**

10 Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss comprise the following financial instruments:

	Unaudited 30 June 2018 '000 KZT	31 December 2017 '000 KZT
ASSETS		
Unquoted shares in investment funds		
CITIC-KAZYNA Investment L.P.	15,954,865	17,287,231
Kazakhstan Growth Fund L.P.	11,576,369	10,724,855
Kazakhstan Infrastructure Fund C.V.	6,438,120	13,420,496
MRIF CASP C.V.	5,164,472	5,827,804
ADM KCRF L.P.	3,959,271	4,407,932
AITAS LUX S.A.R.L. (Portfolio company of Baiterek Venture Fund JSC)	3,069,720	2,990,970
CAEPCO JSC (Portfolio company of Baiterek Venture Fund JSC)	2,231,519	2,531,206
Wolfenson Capital Partners L.P.	1,877,414	2,166,248
Group of companies Allur JSC (Portfolio company of Baiterek Venture Fund JSC)	863,211	801,721
Kazyna Investment Holding Cooperatief U.A.	813,809	590,291
Islamic Infrastructure Fund Limited Partnership	577,899	615,028
Aureos Central Asia Fund LLC	345,016	309,232
Mining Chemical Company LLP (Portfolio company of Baiterek Venture Fund JSC)	108,006	168,119
Almex-Baiterek Fund LLP	17,493	127,892
Sachiko-Olzha Products LLP (Portfolio company of Baiterek Venture Fund JSC»)	-	450,101
Nurzhol Energy LLC	-	61,737
	52,997,184	**62,480,863**
Debt instruments:		
ARP Company (Portfolio company of Baiterek Venture Fund JSC)	3,406,452	3,723,791
	3,406,452	**3,723,791**
	56,403,636	**66,204,654**
LIABILITIES		
Derivative financial instruments	6,630,182	8,026,656
	6,630,182	**8,026,656**

10 Financial instruments at fair value through profit or loss, continued

The following table provides information on the dividend income from financial instruments at fair value through profit or loss:

	Unaudited 30 June 2018 '000 KZT	Unaudited 30 June 2017 '000 KZT
CITIC-KAZYNA Investment L.P.	3,537,479	441,322
CAEPCO JSC (Portfolio company of Baiterek Venture Fund JSC)	335,849	364,290
Wolfenson Capital Partners L.P.	87,189	106,141
Kazakhstan Growth Fund L.P.	26,395	70,148
	3,986,912	**981,901**

11 Investment financial assets

	Unaudited 30 June 2018 '000 KZT
Investment debt instruments at FVOCI	
- Government bonds	
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	17,061,511
Total government bonds	**17,061,511**
- Corporate bonds	
rated from BBB- to BBB+	25,086,911
rated from B- to B+	1,209,727
Total corporate bonds	**26,296,638**
- Corporate bonds of banks	
rated from BBB- to BBB+	10,240,915
rated from BB- to BB+	18,881,693
Total corporate bonds of banks	**29,122,608**
- Corporate bonds of credit institutions other than banks	
rated from BBB- to BBB+	278,211
Total government bonds, corporate bonds of credit institutions other than banks	**278,211**
	72,758,968

	31 December 2017 '000 KZT
Available-for-sale financial instruments	
- Government bonds	
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	9,998,549
Total government bonds	**9,998,549**
- Corporate bonds	
rated from BBB- to BBB+	27,329,930
rated from B- to B+	1,973,168
Total corporate bonds	**29,303,098**
- Corporate bonds of banks	
rated from BBB- to BBB+	2,315,028
rated from BB- to BB+	18,156,726
rated from B- to B+	412,113
Total corporate bonds of banks	**20,883,867**
- Corporate bonds of credit institutions other than banks	
rated from BBB- to BBB+	263,099
Total corporate bonds of credit institutions other than banks	**263,099**
	60,448,613

12 Investment related commitments

The Group diversifies it its portfolio of investments across managers, underlying industries, countries and investment stages.

The remaining contractual amounts net of paid liabilities are set out in the following table:

	Unaudited 30 June 2018 '000 KZT	31 December 2017 '000 KZT
Contracted amount		
Kazakhstan Infrastructure Fund C.V.	22,776,724	22,624,403
CITIC-Kazyna Investment Fund LP	11,863,284	11,730,044
Wolfenson Capital Partners LP	1,548,486	1,545,671
Kazakhstan Growth Fund	417,205	571,402
ADM Kazakhstan Capital Restructuring Fund CV	322,525	461,070
Islamic Infrastructure Fund Limited Partnership	385,544	416,159
Aureos Central Asia Fund LLC	85,123	93,028
DBK Equity Fund	1,000,000	-
Almex-Baiterek Fund LLP	-	9,065,703
	38,398,891	**46,507,480**

Decrease in investment related commitments of Almex-Baiterek Fund LLP is due to disposal of interest of the Group in the fund during the six months ended 30 June 2018.

In accordance with the foundation agreements of the private equity funds, in case of failure to pay the amount of capital commitments after the manager issues a request for payment, certain sanctions may be applied against the Group including delaying the payment of interest, suspension of income distributions, suspension of rights to participate in the corporate management of funds and forced sale of the Group's share to co-investors or third parties. As at 30 June 2018 and 31 December 2017 the Group had no overdue investment commitments.

In addition to the amounts disclosed above, the Group has investment related commitments amounting to KZT 17,999,583 thousand (31 December 2017: KZT 17,591,848 thousand).

	Unaudited 30 June 2018 '000 KZT	31 December 2017 '000 KZT
Contracted amount		
Falah Growth Fund LP	13,616,532	13,285,499
Russian and Kazakh Fund of Nanotechnologies	2,822,385	2,785,720
Macquarie Renaissance Infrastructure Fund	1,560,666	1,520,629
	17,999,583	**17,591,848**

13 Contingencies

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available.

The Group does not have full coverage for business interruption, or third party liability in respect of property or environmental damage arising from operations of the Group. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

13 Contingencies, continued

(b) Taxation contingencies in Kazakhstan

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, in particular recognition of income, expenses and other items of the financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in the Republic of Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated interim condensed financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

14 Dividends

During the six months ended 30 June 2018, dividends of KZT 882,282 thousand (KZT 16.5 per a share) were declared and paid by the Company, unaudited (six months ended 30 June 2017: no dividends were declared and paid, unaudited).

15 Related party transactions

(a) Transactions with members of the Board of Directors and the Management Board

Total remuneration included in personnel expenses for the six months ended 30 June 2018 and 2017 is as follows:

	Unaudited Six months 2018 '000 KZT	Unaudited Six months 2017 '000 KZT
Short term employee benefits	69,857	57,252

15 Related party transactions

(a) Transactions with members of the Board of Directors and the Management Board, continued

These amounts include cash and non-cash benefits in respect of the members of the Board of Directors and the Management Board.

(b) Transactions with other related parties

Other related parties include state controlled companies, national companies and subsidiaries of national companies. The outstanding balances and the related average interest rates as at 30 June 2017 and related profit or loss amounts of transactions for the six months ended 30 June 2018 with other related parties are as follows.

	Other fellow subsidiaries		Unaudited Entities controlled by the Government of the Republic of Kazakhstan		Unaudited Total
	'000 KZT	Average interest rate	'000 KZT	Average interest rate	'000 KZT
Condensed consolidated interim statement of financial position as at 30 June 2018					
Assets					
Investment financial assets	10,505,870	6.8	42,975,910	5.7	53,481,780
Liabilities					
Derivative financial instruments	(6,630,182)	-	-	-	(6,630,182)
Other liabilities	(114,606)	-	-	-	(114,606)
Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2018					
Interest income	146,952	-	790,505	-	937,457
Net gain on financial derivatives	1,396,474	-	-	-	1,396,474
Net foreign exchange gain	408,357	-	1,008,259	-	1,416,616

15 Related party transactions, continued

(b) Transactions with other related parties, continued

The outstanding balances and the related average interest rates as at 31 December 2017 and related profit or loss amounts of transactions for the six months ended 30 June 2017 with other related parties are as follows:

	Other fellow subsidiaries		Unaudited Entities controlled by the Government of the Republic of Kazakhstan		Unaudited Total
	'000 KZT	Average interest rate	'000 KZT	Average interest rate	'000 KZT
Consolidated statement of financial position as at 31 December 2017					
Assets					
Investment financial assets	2,578,127	6.8	37,328,479	6.0	39,906,606
Liabilities					
Derivative financial instruments	(8,026,656)	-	-	-	(8,026,656)
Other liabilities	(99,899)	-	-	-	(99,899)
Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017					
Interest income	258,924	-	603,401		862,325
Net gain on financial derivatives	666,565	-	-	-	666,565
Net foreign exchange gain	20,904	-	(627,666)	-	(606,762)

The majority of balances resulting from transactions with related parties mature within one year. Transactions with related parties are not secured.

Transactions with government-related entities

The Group transacts with a number of entities that are controlled by the Government of Kazakhstan. The Group applies the exemption in IAS 24 *Related party disclosures* that allows to present reduced related party disclosures regarding transactions with government-related entities.

16 Fair values of financial instruments

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps.

As at 30 June 2018 and 31 December 2017 the Group has one currency swap contract with the Development Bank of Kazakhstan ("DBK"). To determine the fair value of swap with DBK management used 8.81%-10.97% for KZT-denominated cash flows (31 December 2017: 9.15%-12.96% for KZT-denominated cash flows) and 1.80%-2.77% for USD-denominated cash flows (31 December 2017: 1.58%-2.31% for USD-denominated cash flows) based on the observable market data. Fair value of swap is categorised to Level 2 of the fair value hierarchy.

For more complex instruments, such as investments in private equity funds, the Group uses annual audited financial statements and quarterly management reports of underlying investment funds which use proprietary valuation models. For determination of fair values of investments in private equity funds as at 30 June 2018 and 31 December 2017 the Group engaged an independent valuation which also used proprietary valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include equity securities for which there is no active market.

16 Fair values of financial instruments, continued

(a) Accounting classification and fair value

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2018:

'000 KZT	FVTPL	Amortised cost	FVOCI	Unaudited Total carrying amount	Unaudited Fair value
30 June 2018					
Financial assets measured at fair value					
Debt securities	3,406,452	-	72,758,968	76,165,420	76,165,420
Equity securities	52,997,184	-	-	52,997,184	52,997,184
	56,403,636	**-**	**72,758,968**	**129,162,604**	**129,162,604**
Financial assets not measured at fair value					
Cash and cash equivalents	-	10,709,991	-	10,709,991	10,709,991
Amounts due from credit institutions	-	3,123,281	-	3,123,281	3,123,281
	-	**13,833,272**	**-**	**13,833,272**	**13,833,272**
Financial liabilities measured at fair value					
Cross currency and interest rate swap	6,630,182	-	-	6,630,182	6,630,182
	6,630,182	**-**	**-**	**6,630,182**	**6,630,182**
Financial liabilities not measured at fair value					
Other liabilities	-	137,075	-	137,075	137,075
	-	**137,075**	**-**	**137,075**	**137,075**

16 Fair values of financial instruments, continued

(a) Accounting classifications and fair values, continued

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2017:

'000 KZT	Financial instruments at fair value through profit or loss	Loans and receivables	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
31 December 2017						
Financial assets measured at fair value						
Debt securities	3,723,791	-	60,448,613	-	64,172,404	64,172,404
Equity securities	62,480,863	-	-	-	62,480,863	62,480,863
	66,204,654	**-**	**60,448,613**	**-**	**126,653,267**	**126,653,267**
Financial assets not measured at fair value						
Cash and cash equivalents	-	9,064,474	-	-	9,064,474	9,064,474
Amounts due from credit institutions	-	7,254,801	-	-	7,254,801	7,254,801
Debt securities	-	-	-	-	-	-
Other financial assets	-	41,627	69,506	-	111,133	111,133
	-	**16,360,902**	**69,506**	**-**	**16,430,408**	**16,430,408**
Financial liabilities measured at fair value						
Cross currency and interest rate swap	8,026,656	-	-	-	8,026,656	8,026,656
	8,026,656	**-**	**-**	**-**	**8,026,656**	**8,026,656**
Financial liabilities not measured at fair value						
Other liabilities	-	-	-	197,920	197,920	197,920
	-	**-**	**-**	**197,920**	**197,920**	**197,920**

16 Fair values of financial instruments, continued

(b) Fair value hierarchy

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

The Group has a control framework with respect to the measurement of fair values. This framework includes engagement of independent valuation by qualified appraisal which reports to the Chief Financial Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing
- a review and approval process for new models and changes to models
- quarterly calibration and back testing of models against observed market transactions
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared to previous period.

The table below analyses financial instruments measured at fair value at 30 June 2018, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

'000 KZT, unaudited	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial instruments at fair value through profit or loss				
- Equity instruments	-	-	52,997,184	52,997,184
- Debt instruments	-	-	3,406,452	3,406,452
- Derivative liabilities	-	(6,630,182)	-	(6,630,182)
Investment financial assets				
- Debt instruments	50,371,309	22,387,659	-	72,758,968
	50,371,309	**15,757,477**	**56,403,636**	**122,532,422**

16 Fair value of financial instruments, continued

(b) Fair value hierarchy, continued

The table below analyses financial instruments measured at fair value as at 31 December 2017, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

KZT'000, unaudited	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss				
- Investments in equity instruments	-	-	62,480,863	62,480,863
- Investments in debt instruments	-	-	3,723,791	3,723,791
- Derivative liabilities	-	(8,026,656)	-	(8,026,656)
Investment financial assets				
- Debt instruments	55,461,134	4,987,479	-	60,448,613
	55,461,134	**(3,039,177)**	**66,204,654**	**118,626,611**

The following table shows a reconciliation for the six months ended 30 June 2018 for fair value measurements in Level 3 of the fair value hierarchy:

'000 KZT	Investments in equity and debt instruments
Balance at the beginning of the period	66,204,654
Net gains or losses in profit or loss, unaudited	(4,070,918)
Purchases, unaudited	982,058
Disposal, unaudited	(6,712,158)
Balance at the end of the period, unaudited	**56,403,636**

The following table shows a reconciliation for the e six months ended 30 June 2017 for fair value measurements in Level 3 of the fair value hierarchy:

'000 KZT	Investments in equity and debt instruments
Balance at the beginning of the period	61,591,729
Net gains or losses in profit or loss, unaudited	913,149
Purchases, unaudited	2,762,090
Disposals	(855,016)
Balance at the end of the period, unaudited	**64,411,952**

The Group's investments in equity investments categorised as level 3 comprise holdings in investment funds. These funds invest primarily in private equity, through purchasing unlisted ordinary shares of businesses in emerging markets (predominantly Kazakhstan and Russia).

For the period ended 30 June 2018 and for the year ended 31 December 2017 the Group estimated the fair value of its investments by estimating the fair value of the underlying portfolio investments (businesses) held by each fund, and then calculating the Group's share of this business value.

16 Fair value of financial instruments, continued

(b) Fair value hierarchy, continued

As a cross check, the Group also reviews fair values of investments as reported by each of the funds, and assesses the basis for material differences between the estimated fair value and fair values reported by the managers. A number of valuation techniques were used by the Group to value the underlying portfolio investments, depending on the nature of the business concerned, the availability of market comparables, and the stage in the business's life cycle.

The following table shows the most significant portfolio investments held by the investment funds, the valuation approach used to value these portfolio investments, and the sensitivity of the appraisers' fair value estimate to changes in key assumptions.

The table below sets out information about significant unobservable inputs used at year end in the measuring of the most significant underlying portfolio companies of private equity funds categorised as Level 3 in the fair value hierarchy as at 30 June 2018, together with a sensitivity analysis for shifts in these inputs which the Group considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable input	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
	6,375,897	Income approach	Discounted CF	+/- 5%	318,795
	2,231,519	Income approach	Discounted CF	+/- 5%	111,576
	1,113,528	Income approach	Discounted CF	+/- 5%	55,676
Power engineering	213,302	Income approach	Discounted CF	+/- 5%	10,665
	4,528,596	Comparative approach	EBITDA/multiplier	+/- 5%	226,430
	56,863	Income approach	Discounted CF	+/- 5%	2,843
Alternative power engineering	44,392	Income approach	Discounted CF	+/- 5%	2,220

16 Fair value of financial instruments, continued

(b) Fair value hierarchy, continued

Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable input	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
	2,953,471	Income approach	Discounted CF	+/- 5%	147,674
	2,650,703	Cost approach	Adjustment to NAV	+/- 5%	132,535
	2,168,335	Cost approach	Adjustment to NAV	+/- 5%	108,417
	863,211	Cost approach	Adjustment to NAV	+/- 5%	43,161
Transportation and logistics services	260,861	Income approach	Adjustment to NAV	+/- 5%	13,043
Real estate	1,548,213	Cost approach	Adjustment to NAV	+/- 5%	77,411
	4,037,581	Income approach	Discounted CF	+/- 5%	201,879
	3,406,452	Income approach	Discounted CF	+/- 5%	170,323
	921,837	Cost approach	Adjustment to NAV	+/- 5%	46,092
Processing industry	108,006	Cost approach	Adjustment to NAV	+/- 5%	5,400
Natural resources	3,402,802	Income approach	Discounted CF	+/- 5%	170,140

16 Fair value of financial instruments, continued

(b) Fair value hierarchy, continued

Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable input	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
	962,357	Cost approach	Adjustment to NAV	+/- 5%	48,118
	962,357	Cost approach	Adjustment to NAV	+/- 5%	48,118
	792,215	Cost approach	Adjustment to NAV	+/- 5%	39,611
	506,504	Cost approach	Adjustment to NAV	+/- 5%	25,325
Medical diagnostics	506,504	Cost approach	Adjustment to NAV	+/- 5%	25,325
	3,069,720	Cost approach	Adjustment to NAV	+/- 5%	153,486
Agriculture	1,620,812	Cost approach	Adjustment to NAV	+/- 5%	81,041
	1,146,975	Cost approach	Adjustment to NAV	+/- 5%	57,349
	531,648	Comparative approach	EBITDA/multiplier	+/- 5%	26,582
	291,419	Comparative approach	EBITDA/multiplier	+/- 5%	14,571
Financial services	185,723	Cost approach	Adjustment to NAV	+/- 5%	9,286
	1,266,801	Income approach	Discounted CF	+/- 5%	63,340
Electrical industry	48,570	Comparative approach	EBITDA/multiplier	+/- 5%	2,429
	1,857,181	Comparative approach	EBITDA/multiplier	+/- 5%	92,859
	810,406	Comparative approach	EBITDA/multiplier	+/- 5%	40,520
Entertainment	759,756	Comparative approach	EBITDA/multiplier	+/- 5%	37,988
Other	4,199,119	-	-	-	-
Total	**56,403,636**				

16 Fair value of financial instruments, continued

(b) Fair value hierarchy, continued

The table below sets out information about significant unobservable inputs used at year end in the measuring of the most significant underlying portfolio companies of private equity funds categorised as Level 3 in the fair value hierarchy as at 31 December 2017, together with a sensitivity analysis for shifts in these inputs which the Group considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable input	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
	13,426,477	Cost approach	Adjustment to NAV	+/- 5%	671,324
	2,531,206	Cost approach	Adjustment to NAV	+/- 5%	126,560
	2,186,141	Cost approach	Adjustment to NAV	+/- 5%	109,307
Power engineering	205,101	Cost approach	Adjustment to NAV	+/- 5%	10,255
	5,192,332	Cost approach	Adjustment to NAV	+/- 5%	259,617
	66,276	Cost approach	Adjustment to NAV	+/- 5%	3,314
Alternative power engineering	55,090	Income approach	Discounted CF	+/- 5%	2,755
	2,888,487	Income approach	Discounted CF	+/- 5%	144,424
	2,587,057	Cost approach	Adjustment to NAV	+/- 5%	129,353
	1,964,841	Cost approach	Adjustment to NAV	+/- 5%	98,242
	801,721	Cost approach	Adjustment to NAV	+/- 5%	40,086
Transportation and logistics services	275,401	Income approach	Discounted CF	+/- 5%	13,770
	3,723,791	Income approach	Discounted CF	+/- 5%	186,190
	3,614,007	Income approach	Discounted CF	+/- 5%	180,700
	898,188	Cost approach	Adjustment to NAV	+/- 5%	44,909
	450,101	Income approach	Discounted CF	+/- 5%	22,505
Processing industry	168,119	Cost approach	Adjustment to NAV	+/- 5%	8,406

16 Fair value of financial instruments, continued

(b) Fair value hierarchy, continued

Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable input	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Natural resources	3,413,610	Income approach	Discounted CF	+/- 5%	170,681
	939,049	Cost approach	Adjustment to NAV	+/- 5%	46,952
	888,318	Cost approach	Adjustment to NAV	+/- 5%	44,416
	583,210	Cost approach	Adjustment to NAV	+/- 5%	29,161
	537,526	Cost approach	Adjustment to NAV	+/- 5%	26,876
Medical diagnostics	477,060	Cost approach	Adjustment to NAV	+/- 5%	23,853
	2,990,970	Cost approach	Adjustment to NAV	+/- 5%	149,549
Agriculture	1,574,794	Cost approach	Adjustment to NAV	+/- 5%	78,740
Property management and construction materials	149,556	Cost approach	Adjustment to NAV	+/- 5%	7,478
	1,258,978	Income approach	Discounted CF	+/- 5%	62,949
Electrical industry	80,450	Comparative approach	EBITDA/(multiplier)	+/- 5%	4,023
	1,020,584	Cost approach	Adjustment to NAV	+/- 5%	51,029
	575,706	Comparative approach	EBITDA/(multiplier)	+/- 5%	28,785
	551,543	Comparative approach	EBITDA/(multiplier)	+/- 5%	27,577
Financial services	212,957	Cost approach	Adjustment to NAV	+/- 5%	10,648

16 Fair value of financial instruments, continued

(b) Fair value hierarchy, continued

Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable input	Reasonable shift	Property management and construction materials
	1,814,089	Comparative approach	EBITDA/(multiplier)	+/- 5%	90,704
	740,265	Comparative approach	EBITDA/(multiplier)	+/- 5%	37,013
Entertainment	306,345	Comparative approach	EBITDA/(multiplier)	+/- 5%	15,317
Real estate, hotel business	2,207,412	Cost approach	Adjustment to NAV	+/- 5%	110,371
Technology	61,736	Comparative approach	EBITDA/(multiplier)	+/- 5%	3,087
Other	4,786,160	-	-	-	-
Total	**66,204,654**				

16 Fair value of financial instruments, continued

(b) Fair value hierarchy, continued

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 30 June 2018:

Unaudited **'000 KZT**	**Level 2**	**Total fair values**	**Total carrying amount**
Assets			
Cash and cash equivalents	10,709,991	10,709,991	10,709,991
Amounts due from credit institutions	3,123,281	3,123,281	3,123,281
Liabilities			
Other liabilities	137,075	137,075	137,075

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2017.

'000 KZT	**Level 2**	**Total fair values**	**Total carrying amount**
Assets			
Cash and cash equivalents	9,064,474	9,064,474	9,064,474
Amounts due from credit institutions	7,254,801	7,254,801	7,254,801
Other assets	69,506	69,506	69,506
Liabilities			
Other liabilities	197,920	197,920	197,920