

JSC National Atomic Company Kazatomprom

**Condensed interim consolidated financial statements
(unaudited)**

for six months ended 30 June 2016

Content

REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Report on review of condensed interim consolidated financial statements

To Management, Board of Directors and Shareholder of National Atomic Company Kazatomprom JSC

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of National Atomic Company Kazatomprom JSC and its subsidiaries as of 30 June 2016 and the related condensed interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

PricewaterhouseCoopers LLP

8 August 2016
Almaty, Kazakhstan

JSC National Atomic Company Kazatomprom
Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2016

<i>In millions of Kazakhstani Tenge</i>	Note	Six months ended	
		30 June 2016 (unaudited)	30 June 2015 (unaudited)
Revenue	5	192,524	141,732
Cost of sales	6	(123,333)	(114,467)
Gross profit		69,191	27,265
Distribution expenses	7	(3,536)	(1,663)
General and administrative expenses	8	(14,003)	(10,412)
Impairment losses	9	(12,661)	(3,957)
Gain on disposal of subsidiary		330	-
Net foreign exchange gain/(loss)		3,227	(677)
Other income	10	857	571
Other expenses	11	(3,691)	(1,201)
Finance income	12	3,362	1,811
Finance costs	13	(4,976)	(3,977)
Share of results of associates	19	16,792	10,905
Share of results of joint ventures	20	19,984	6,515
Profit before tax		74,876	25,180
Income tax expense	14	(13,603)	(2,252)
PROFIT FOR THE PERIOD		61,273	22,928
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(180)	557
Share in other comprehensive (loss)/income of equity method investments		(31)	104
Other comprehensive (loss)/income for the period		(211)	661
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		61,062	23,589
Profit for the period attributable to:			
- Owners of the Company		59,465	22,891
- Non-controlling interest		1,808	37
Profit for the period		61,273	22,928
Total comprehensive income for the period attributable to:			
- Owners of the Company		59,275	23,552
- Non-controlling interest		1,787	37
Total comprehensive income for the period		61,062	23,589
Earnings per share from continuing operations, basic and diluted (rounded to Tenge)		1,621	624

These condensed interim consolidated financial statements were approved by management on 8 August 2016:

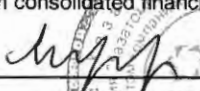
Yussupov M.B.
Head Director on Economics and Finance

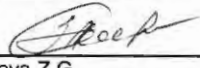
Kaliyeva Z.G.
Chief Accountant

JSC National Atomic Company Kazatomprom
Condensed Interim Consolidated Statement of Financial Position as at 30 June 2016

<i>In millions of Kazakhstani Tenge</i>	Note	30 June 2016 (unaudited)	31 December 2015 (audited)
ASSETS			
Non-current assets			
Intangible assets		7,061	7,173
Property, plant and equipment	15	121,169	130,411
Mine development assets	16	38,463	38,578
Mineral rights	17	1,972	2,067
Exploration and evaluation assets	18	9,346	8,538
Investments in associates	19	87,480	121,938
Investments in joint ventures	20	46,853	43,519
Other investments		67,041	67,041
Accounts receivable		232	36
Deferred tax assets		2,686	1,829
Term deposits		2,893	3,182
Loans to related parties	21	33,497	32,344
Other non-current assets	25	18,754	19,627
		437,447	476,283
Current assets			
Accounts receivable	22	45,542	107,512
Prepaid income tax		1,361	2,427
VAT recoverable		19,740	28,528
Inventories	23	110,781	99,692
Term deposits		39,281	9,020
Loans to related parties	21	1,224	1,224
Cash and cash equivalents	24	85,287	55,869
Other current assets	25	45,262	12,557
		348,478	316,829
Non-current assets held for sale		126	164
		348,604	316,993
TOTAL ASSETS		786,051	793,276
EQUITY			
Share capital	26	36,692	36,692
Additional paid-in capital		4,785	4,785
Foreign currency translation reserve		18,660	18,819
Retained earnings		446,394	398,991
Equity attributable to shareholders of the Company		506,531	459,287
Non-controlling interest		11,490	10,118
TOTAL EQUITY		518,021	469,405
LIABILITIES			
Non-current liabilities			
Loans and borrowings	27	99,592	119,776
Accounts payable	28	588	585
Provisions	29	17,371	17,183
Deferred tax liabilities		4,487	4,509
Employee benefits		2,044	2,045
Other liabilities	30	5,592	6,141
		129,674	150,239
Current liabilities			
Loans and borrowings	27	48,281	52,845
Accounts payable	28	64,133	101,622
Provisions	29	52	101
Other tax and compulsory payments liabilities		4,931	5,027
Employee benefits		174	213
Income tax liabilities		7,701	1,036
Other current liabilities	30	13,084	12,788
		138,356	173,632
TOTAL LIABILITIES		268,030	323,871
TOTAL EQUITY AND LIABILITIES		786,051	793,276

These condensed interim consolidated financial statements were approved by management on 8 August 2016:


Yussupov M.B.
Head Director on Economics and Finance

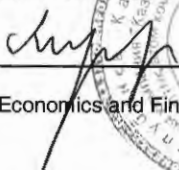

Kaliyeva Z.G.
Chief accountant

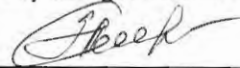
The accompanying notes are an integral part of these condensed interim consolidated financial statements.

JSC National Atomic Company Kazatomprom
Condensed Interim Consolidated Statement of Cash Flows for the six months ended 30 June 2016

<i>In millions of Kazakhstani Tenge</i>	Six months ended 30 June 2016 (unaudited)	Six months ended 30 June 2015 (unaudited)
OPERATING ACTIVITIES		
Cash receipts from customers	267,375	155,601
VAT refund	18,338	19,896
Interest received	1,296	626
Payments to suppliers	(185,717)	(157,329)
Payments to employees	(18,630)	(17,735)
Cash flows from operating activities	82,662	1,059
Income tax paid	(8,396)	(1,599)
Interest paid	(2,567)	(3,553)
Cash flows from/(used in) operating activities	71,699	(4,093)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,338)	(4,188)
Proceeds from disposal of property, plant and equipment	29	17
Acquisition of intangible assets	(39)	(122)
Acquisition of mine development assets	(4,220)	(4,257)
Acquisition of exploration and evaluation assets	(1,741)	(127)
Placement of term deposits	(38,569)	(1,382)
Redemption of term deposits	8,377	2,314
Dividends received from associates, joint ventures and other investments	37,124	14,079
Proceeds from disposal of investments in associates and joint ventures	58	-
Cash contributions to the capital of joint ventures	(1,174)	-
Other	(210)	(1,036)
Cash flows (used in)/from investing activities	(2,703)	5,298
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	1,810	133,253
Repayment of loans and borrowings	(27,764)	(46,190)
Finance lease payments	(3)	-
Repayment of bonds	-	(93,434)
Dividends paid to the shareholder of the parent company	(12,031)	-
Dividends paid to non-controlling interest	(85)	(4)
Other payments to the shareholder	(650)	-
Cash flows used in financing activities	(38,723)	(6,375)
Net increase/(decrease) in cash and cash equivalents	30,273	(5,170)
Cash and cash equivalents at the beginning of the period	55,869	29,432
Effect of exchange rate fluctuations on cash and cash equivalents	(855)	350
Cash and cash equivalents at the end of the period	85,287	24,612

These condensed interim consolidated financial statements were approved by management on 8 August 2016:

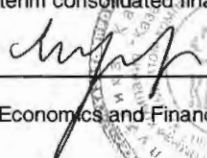

 Yussupov M.B.
 Head Director on Economics and Finance

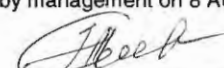

 Kaliyeva Z.G.
 Chief accountant

JSC National Atomic Company Kazatomprom
Condensed Interim Consolidated Statement Of Changes In Equity
for the six months ended 30 June 2016

<i>In millions of Kazakhstani Tenge</i>	Attributable to the shareholder of the Company				Total	Non-controlling interest	Total equity
	Share capital	Foreign currency translation reserve	Retained earnings	Additional paid-in capital			
Balance at 1 January 2015	36,692	1,558	363,590	4,785	406,625	12,128	418,753
Profit for the period	-	-	22,891	-	22,891	37	22,928
Exchange differences arising on translation of foreign operations	-	557	-	-	557	-	557
Share of other comprehensive income in equity method investments	-	-	104	-	104	-	104
Total comprehensive income for the period (unaudited)	-	557	22,995	-	23,552	37	23,589
Dividends declared	-	-	(2,323)	-	(2,323)	(65)	(2,388)
Balance at 30 June 2015 (unaudited)	36,692	2,115	384,262	4,785	427,854	12,100	439,954
Balance at 1 January 2016	36,692	18,819	398,991	4,785	459,287	10,118	469,405
Profit for the period	-	-	59,465	-	59,465	1,808	61,273
Exchange differences arising on translation of foreign operations	-	(159)	-	-	(159)	(21)	(180)
Share of other comprehensive loss in equity method investments	-	-	(31)	-	(31)	-	(31)
Total comprehensive income for the period (unaudited)	-	(159)	59,434	-	59,275	1,787	61,062
Dividends declared	-	-	(12,031)	-	(12,031)	(415)	(12,446)
Balance at 30 June 2016 (unaudited)	36,692	18,660	446,394	4,785	506,531	11,490	518,021

These condensed interim consolidated financial statements were approved by management on 8 August 2016:


Yussupov M.B.
Head Director on Economics and Finance


Kaliyeva Z.G.
Chief accountant

JSC National Atomic Company Kazatomprom
Notes to the Condensed Interim Consolidated Financial Statements
for the six months ended 30 June 2016

1. General Information

Organisational structure and operations

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* for the six-month period ended 30 June 2016 for JSC National Atomic Company Kazatomprom (the "Company") and its subsidiaries (hereafter collectively referred to as "the Group" or JSC NAC Kazatomprom).

The Company is a joint stock company set up in accordance with regulations of the Republic of Kazakhstan. The Company was established pursuant to the Decree of the President of the Republic of Kazakhstan on the establishment of National Atomic Company Kazatomprom No. 3593, dated 14 July 1997, and the Decree of the Government of the Republic of Kazakhstan National Atomic Company Kazatomprom Issues No. 1148 dated 22 July 1997 as a closed joint stock company with a 100% Government shareholding. Currently, 100% of the Company's shares are held by the National Welfare Fund Samruk-Kazyna (hereinafter the "Shareholder"). The Company's registered address is 10 Kunayev Street, Astana, the Republic of Kazakhstan. The principal place of business is Kazakhstan.

The Group's key activities are the production of uranium and sale of uranium products. The Group is among the leading uranium production companies in the world. In addition, the Group is engaged in mining of rare metals; production and sale of beryllium and tantalum products; development of high technologies; supply of energy resources; and development of renewable energy sources.

The Group's products are sold in Kazakhstan and exported.

Operating environment

Kazakhstan economy displays certain characteristics of an emerging market. Its economy is particularly sensitive to prices for mineral resources. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations.

The ongoing uncertainty and volatility of the financial markets, in particular in Europe and Russian Federation, and other risks could have significant negative effects on financial and corporate sectors in Kazakhstan. Management assessed possible impairment of the Group's non-current assets by considering the current economic environment and outlook. The future economic and regulatory situation may differ from management's current expectations.

Changes in the Group structure

There were no significant changes in the Group structure during the six months ended 30 June 2016 (Note 33).

2. Basis of Preparation

Condensed interim consolidated financial statements

These condensed interim consolidated financial statements as at and for the six-month period ended 30 June 2016 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*.

The condensed interim consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2015 prepared in accordance with International Financial Reporting Standards (IFRS), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group's annual consolidated financial statements for 2015 prepared in accordance with IFRS.

Management believes that the disclosures in these condensed interim consolidated financial statements provide sufficient information if these financial statements are read in conjunction with the Group's annual consolidated financial statements for 2015 prepared in accordance with IFRS. In the opinion of management, these condensed interim consolidated financial statements reflect all adjustments necessary to present fairly the Group's financial position, results of operations, statements of changes in equity and cash flows for the interim reporting periods.

2. Basis of Preparation (Continued)

Critical accounting judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Group's annual consolidated financial statements for 2015 prepared in accordance with IFRS.

3. Summary of Significant Accounting Policies

Accounting policies

The accounting principles applied in the preparation of the condensed interim consolidated financial statements are in line with the principles applied in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

Exchange rates

The following exchange rates were used by the Group for translation of amounts in foreign currencies:

	30 June 2016	31 December 2015
Closing exchange rates – Tenge		
1 US Dollar	338.66	339.47
	30 June 2016	30 June 2015
Average exchange rates for the six months – Tenge		
1 US Dollar	345.31	185.25

Seasonality

The Group's operations do not significantly depend on seasonal fluctuations.

Income tax

Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings.

New standards and interpretations

New and amended standards and interpretations need to be adopted in the first interim financial statements issued after their effective date. The Group adopted the following standards effective for annual periods beginning 1 January 2016:

IFRS 14, Regulatory deferral accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard.

Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

3. Summary of Significant Accounting Policies (Continued)

Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

Agriculture: Bearer plants – Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

Equity Method in Separate Financial Statements – Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report".

Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.

Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity's ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent's financial statements.

There are no new or revised IFRSs or interpretations that would have a material impact on the Group, presentation of amounts in its condensed interim consolidated financial statements and results of its activities and balances.

Certain new standards, amendments to standards and interpretations have not become effective as of 30 June 2016. Requirements of these standards were not accounted for during preparation of these condensed interim consolidated financial statements. The Group expects adoption of these standards when they become effective.

JSC National Atomic Company Kazatomprom
Notes to the Condensed Interim Consolidated Financial Statements
for the six months ended 30 June 2016

3. Summary of Significant Accounting Policies (Continued)

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 Financial Instruments: classification and measurement (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 – Revenue from contracts with customers (issued on 28 May 2014 and effective beginning on or after 1 January 2018).
- IFRS 16 Leases (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019).
- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (issued in January 2016 and effective for annual periods beginning on or after 1 January 2017).
- Disclosure Initiative – Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017).

4. Balances and Transactions with Related Parties

Entities under common control include companies under control of Samruk-Kazyna JSC. Transactions with other government owned entities are not disclosed when they are entered into in the ordinary course of business with terms consistently applied to all public and private entities i) when they are not individually significant, ii) if the Group's services are provided on the standard terms available for all customers, or iii) where there is no choice of supplier of such services as electricity transmission services, telecommunications and etc.

The outstanding balances with related parties as at 30 June 2016 are as follows:

<i>In millions of Kazakhstani Tenge</i>	Accounts receivable and other assets (Note 22,25)	Dividends receivable (Note 25)	Loans given (Note 21)	Accounts payable and other liabilities (Note 28,30)
Associates	4,822	32,693	18,701	34,009
Joint ventures	3,571	7,226	2,435	10,889
Entities under common control	285	-	-	8,243
Other	286	-	13,585	42
Total	8,964	39,919	34,721	53,183

The income and expenses items with related parties for the period ended 30 June 2016 are as follows:

<i>In millions of Kazakhstani Tenge</i>	Sale of goods and services	Dividends received (Note 19, 20)	Purchase of goods and services	Dividends to the Share- holder	Interest income	Interest expense
Associates	7,018	47,943	34,771	-	619	54
Joint ventures	6,814	21,066	15,621	-	194	-
Entities under common control	9,424	-	22,082	-	-	-
Shareholder	-	-	-	12,031	-	-
Other	807	-	5	-	450	-
Total	24,063	69,009	72,479	12,031	1,263	54

JSC National Atomic Company Kazatomprom
Notes to the Condensed Interim Consolidated Financial Statements
for the six months ended 30 June 2016

4. Balances and Transactions with Related Parties (Continued)

The outstanding balances with related parties as at 31 December 2015 are as follows:

<i>In millions of Kazakhstani Tenge</i>	Accounts receivable and other assets (Note 22,25)	Dividends receivable (Note 25)	Loans given (Note 21)	Accounts payable and other liabilities (Note 28,30)
Associates	4,428	6,257	18,033	38,868
Joint ventures	1,251	2,512	2,435	26,516
Entities under common control	602	-	-	8,487
Other	186	-	13,100	2,100
Total	6,467	8,769	33,568	75,971

The income and expenses items with related parties for the period ended 30 June 2015 are as follows:

<i>In millions of Kazakhstani Tenge</i>	Sale of goods and services	Dividends received (Note 19, 20)	Purchase of goods and services	Dividends to the Shareholder	Interest income	Interest expense
Associates	10,553	17,547	25,567	-	633	47
Joint ventures	6,963	7,267	20,893	-	333	-
Entities under common control	9,261	-	18,880	-	-	-
Shareholder	-	-	-	2,323	-	-
Other	679	-	1	-	392	-
Total	27,456	24,814	65,341	2,323	1,358	47

The table below shows the remuneration of key management personnel:

<i>In millions of Kazakhstani Tenge</i>	30 June 2016 (unaudited)		30 June 2015 (unaudited)	
	Expenses	Accrued liability	Expenses	Accrued liability
<i>Short-term benefits</i>				
Salaries and bonuses	457	80	746	67
Total	457	80	746	67

JSC National Atomic Company Kazatomprom
Notes to the Condensed Interim Consolidated Financial Statements
for the six months ended 30 June 2016

5. Revenue

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Sales of uranium products	130,714	90,246
Sales of utilities	28,547	23,580
Sales of purchased goods	9,272	5,227
Sales of tantalum	6,557	5,490
Sales of beryllium	5,622	3,688
Drilling services	5,431	5,797
Processing services	3,717	3,833
Transportation services	2,603	2,499
Research and development services	58	13
Sales of photovoltaic cells	3	20
Other	-	1,339
Total revenue	192,524	141,732

6. Cost of Sales

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Materials and supplies	85,444	80,534
Wages and salaries	13,373	13,444
Depreciation and amortisation	7,763	6,806
Processing and other services	6,553	6,305
Taxes other than income tax	5,800	4,034
Transportation expenses	1,557	1,516
Utilities	858	999
Maintenance and repair	700	790
Other	1,285	39
Total cost of sales	123,333	114,467

7. Distribution Expenses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Shipping, transportation and storage	2,641	938
Wages and salaries	302	379
Materials and supplies	174	38
Rent	65	66
Commissions	23	76
Other	331	166
Total distribution expenses	3,536	1,663

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8. General and Administrative Expenses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Wages and salaries	6,012	5,902
Consulting and information services	2,998	972
Penalties and fines	1,753	6
Rent	547	454
Taxes other than income tax	464	338
Depreciation and amortisation	399	456
Travel	289	213
Maintenance and repair	244	132
Training expenses	160	106
Communication	144	124
Materials and supplies	122	213
Utilities	71	113
Bank charges	57	63
Corporate events	44	45
Security services	42	68
Insurance	30	15
Stationery	29	31
Entertainment expenses	26	20
Research expenses	19	354
(Reversal of)/provision for doubtful debts	(229)	445
Other	782	342
Total general and administrative expenses	14,003	10,412

Penalties and fines for six month ended 30 June 2016 include interest of Tenge 790 million recognised by the Company based on the results of the appeal of transfer pricing audit for 2008 and penalty and interest for Tenge 647 million recognised by APPAK LLP based on the results of the complex tax audit for 2010-2012 (Note 31).

9. Impairment Losses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Impairment of KazPV project assets	6,817	2,982
Other impairment losses	5,891	1,064
Reversal of impairment losses	(47)	(89)
Total impairment losses	12,661	3,957

At 31 December 2015, management concluded that there were following indications of impairment of assets (cash generating units) related to KazPV project: less than budgeted production and sales volumes; higher than budgeted production costs; and overall decrease in market prices. Assets related to KazPV project include property, plant and equipment, construction in progress, mine development assets and other non-current assets.

For the purpose of impairment test assets were grouped at the lowest levels for which there were separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). The Group identified three cash generating units, based on the economic substance rather than the legal structure of the project.

- Production and sale of metallurgical and polycrystalline silicon, recycling of silicon production waste;
- Production of silicon of solar quality, silicon and photovoltaic slices;
- Production of photovoltaic modules.

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9. Impairment Losses (Continued)

Based on the impairment assessment, at 31 December 2015 the Group recognised impairment losses for two cash generating units – Production and sale of metallurgical and polycrystalline silicon, recycling of silicon production waste and Production of silicon of solar quality, silicon and photovoltaic slices, as recoverable amounts of these cash generating units were below their carrying amounts. Critical estimates and judgments used in computation of the recoverable amounts included forecast of future sales volumes and prices. The forecast period covered the remaining useful lives of property, plant and equipment (till 2032 for Production of silicon of solar quality, silicon and photovoltaic slices and 2025 for Production and sale of metallurgical and polycrystalline silicon, recycling of silicon production waste and Production of photovoltaic modules).

At 30 June 2016, the Group reviewed the carrying amounts of KazPV project assets to determine whether there was any indication of further impairment. Deviation from 2015 plans and further decrease in sales were considered by management as indications of further impairment. Recoverable amounts of Production of photovoltaic modules (Tenge 3,217 million), Production of silicon of solar quality, silicon and photovoltaic slices (Tenge 164 million) and Production and sale of metallurgical and polycrystalline silicon, recycling of silicon production waste (Tenge 61 million) were determined as value in use with updated forecast of future sales volumes and sales. The applied discount rate for all cash generating units was 11.4%.

Other impairment losses for six months ended 30 June 2016 include mainly write down to the net realisable value of purchased uranium (Tenge 4,900 million) and other inventory (Tenge 514 million), and impairment of mine development assets (Tenge 274 million). Impairment of these assets relates to decrease of uranium prices during the first half of 2016.

10. Other Income

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Gain on disposal of joint venture	285	-
Fines and penalties	102	180
Property received free of charge	86	119
Gain on disposal of non-current assets	78	190
Other	306	82
Total other income	857	571

11. Other Expenses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Social sphere expenses	2,572	406
Loss on suspension of production	268	276
Non-recoverable VAT	162	40
Loss on disposal of non-current assets	143	-
Depreciation of property, plant and equipment during cease of production	119	164
Other	427	315
Total other expenses	3,691	1,201

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12. Finance Income and Finance Costs

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Finance income		
Interest income	2,344	1,217
Gain on remeasurement of financial liabilities	652	-
Gain on remeasurement of financial assets	262	329
Other	104	265
Total finance income	3,362	1,811
Finance costs		
Interest expense on loans and borrowings	3,073	3,069
Revaluation of financial assets	742	-
Unwinding of discount on provisions	525	533
Unwinding of discount on other financial liabilities	147	119
Recognition of discount on non-current accounts receivable	102	-
Other finance costs	387	256
Total finance costs	4,976	3,977

13. Personnel Costs

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Wages and salaries	24,180	23,003
Social tax and social contributions	2,547	2,416
Total personnel costs	26,727	25,419

14. Income Tax Expense

(a) Components of income tax expense

Income tax expense recorded in profit or loss comprises the following:

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Current income tax	14,485	2,240
Deferred income tax	(882)	12
Total income tax expense	13,603	2,252

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14. Income Tax Expense (Continued)

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the majority of the Group's and its subsidiaries' profits is 20%. A reconciliation between the expected and the actual taxation charge is provided below:

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Profit before tax	74,876	25,180
Theoretical tax charge at statutory tax rate of 20%:	14,975	5,036
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income which is exempt from taxation	(575)	(82)
Non-deductible expenses	1,292	470
Transfer pricing adjustment	385	126
Elimination of unrecognised profits in finished goods	(40)	(6)
Share of results of associates	(3,358)	(2,181)
Share of results of joint ventures	(3,997)	(1,303)
Utilisation of previously unrecognised tax losses	(810)	(203)
Current period tax losses and temporary differences for which no deferred tax asset is recognised	427	1,005
Prior periods adjustments	3,423	8
Other	1,881	(618)
Income tax expense	13,603	2,252

Prior period adjustments include recognition of additional assessments for Tenge 2,512 million based on the results of the transfer pricing audit of 2008 and Tenge 627 million based on the complex tax audit of APPAK LLP (Note 31).

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15. Property, Plant and Equipment

<i>In millions of Kazakhstani Tenge</i>	Land	Buildings	Machinery and equipment	Vehicles	Other	Construction in progress	Total
At 1 January 2016							
Cost	352	94,847	73,526	13,813	4,987	38,047	225,572
Accumulated depreciation and impairment	-	(25,690)	(39,927)	(7,656)	(2,811)	(19,077)	(95,161)
Carrying amount	352	69,157	33,599	6,157	2,176	18,970	130,411
Additions	3	42	456	54	230	2,692	3,477
Transfers	1	393	477	16	80	(967)	-
Depreciation charge	-	(2,282)	(2,655)	(526)	(257)	-	(5,720)
Impairment loss	-	(1,371)	(669)	(5)	(24)	(4,782)	(6,851)
Reversal of impairment loss	-	-	2	-	10	-	12
Disposals	(4)	(25)	(11)	(35)	(10)	(58)	(143)
Transfer from/(to) inventories	-	-	21	-	(10)	1	12
Transfers to non-current assets held for sale	-	(11)	-	(11)	(2)	-	(24)
Transfers to intangible assets	-	-	-	-	-	(4)	(4)
Effect of translation into presentation currency	-	-	-	(1)	-	-	(1)
At 30 June 2016 (unaudited)							
Cost	352	95,150	73,366	13,508	5,214	39,711	227,301
Accumulated depreciation and impairment	-	(29,247)	(42,146)	(7,859)	(3,021)	(23,859)	(106,132)
Carrying amount	352	65,903	31,220	5,649	2,193	15,852	121,169

As of 30 June 2016, the cost of fully depreciated property, plant and equipment still in use was Tenge 6,310 million (31 December 2015: Tenge 5,897 million). As of 30 June 2016, commitments relating to the acquisition of property, plant and equipment were Tenge 2,222 million (31 December 2015: Tenge 766 million).

Borrowing costs capitalised in the period amounted to Tenge 440 million. The average capitalisation rate was 4.67%.

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16. Mine Development Assets

<i>In millions of Kazakhstani Tenge</i>	Field preparation	Site restoration asset	Ion- exchange resin	Total
At 1 January 2016				
Cost	51,603	7,182	4,365	63,150
Accumulated depreciation and impairment	(21,971)	(1,423)	(1,178)	(24,572)
Carrying amount	29,632	5,759	3,187	38,578
Additions	5,339	-	-	5,339
Transfers from inventory	111	-	19	130
Depreciation charge	(4,630)	(286)	(150)	(5,066)
Impairment loss	(274)	-	-	(274)
Changes in accounting estimates	-	(244)	-	(244)
At 30 June 2016 (unaudited)				
Cost	57,053	6,938	4,384	68,375
Accumulated depreciation and impairment	(26,875)	(1,709)	(1,328)	(29,912)
Carrying amount	30,178	5,229	3,056	38,463

Additions for the period are represented by capitalised drilling costs of new wells.

17. Mineral Rights

<i>In millions of Kazakhstani Tenge</i>	
At 1 January 2016	
Cost	9,072
Accumulated amortisation and impairment	(7,005)
Carrying amount	2,067
Amortisation charge	(95)
At 30 June 2016 (unaudited)	
Cost	9,072
Accumulated amortisation and impairment	(7,100)
Carrying amount	1,972

18. Exploration and Evaluation Assets

<i>In millions of Kazakhstani Tenge</i>	Tangible assets	Intangible assets	Total
At 1 January 2016			
Additions	7,277	1,261	8,538
Transfers to inventories	1,504	15	1,519
Change in accounting estimates	(616)	(1)	(617)
	(94)	-	(94)
At 30 June 2016 (unaudited)	8,071	1,275	9,346

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19. Investments in Associates

The table below summarises the changes in the carrying value of the Group's investments in associates:

In millions of Kazakhstani Tenge

Carrying value at 1 January 2016	121,938
Share of results of associates	16,792
Dividends received from associates	(47,943)
Disposals	(70)
Transfer to joint ventures	(3,217)
Effect of translation to presentation currency	(20)
Carrying value at 30 June 2016 (unaudited)	87,480

The Group has the following investments in associates:

	Country of incorporation	Principal activities	30 June 2016 (unaudited)		31 December 2015	
			% ownership interest held / % of voting rights	In millions of Kazakhstani Tenge	% ownership interest held / % of voting rights	In millions of Kazakhstani Tenge
JV Inkai LLP	Kazakhstan	Extraction, processing and export of uranium products	40.00%	32,855	40.00%	40,512
JV KATKO LLP	Kazakhstan	Extraction, processing and export of uranium products	49.00%	30,062	49.00%	48,781
JV Zarechnoe JSC	Kazakhstan	Extraction, processing and export of uranium products	49.979%	8,519	49.979%	7,555
JV South Mining Chemical Company LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	3,901	30.00%	10,435
JV Khorasan-U LLP	Kazakhstan	Extraction, processing and export of uranium products	33.98%	3,701	33.98%	2,851
Kaustik JSC	Kazakhstan	Supply of caustic soda	40.00%	3,697	40.00%	3,888
JV Betpak Dala LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	2,350	30.00%	3,038
JV Rosburmash LLP	Kazakhstan	Geological exploration	49.00%	843	49.00%	504
Kyzylykum LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	841	30.00%	421
JV SKZ Kazatomprom LLP	Kazakhstan	Production of sulphuric acid	9.89%	711	9.89%	680
JV IFASTAR	France	Nuclear fuel cycle project feasibility study	49.00%	-	49.00%	-
NPK Ulba LLP	Kazakhstan	Design on engineering systems and networks	-	-	30.00%	72
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	-	-	55.45%	3,201
Total investments in associates				87,480		121,938

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20. Investments in Joint Ventures

The table below summarises the changes in the carrying value of the Group's investments in joint ventures:

In millions of Kazakhstani Tenge

Carrying value at 1 January	43,519
Share of results of joint ventures	19,984
Contributions to capital	1,174
Share of other comprehensive loss of joint ventures	(31)
Dividends received from joint ventures	(21,066)
Transfers from associates	3,217
Effect of translation to presentation currency	56
Carrying value at 30 June 2016 (unaudited)	46,853

The Group has the following investments in joint ventures:

	Country of incorporation	Principal activity	30 June 2016 (unaudited)		31 December 2015	
			% ownership interest held	In millions of Kazakhstani Tenge	% ownership interest held	In millions of Kazakhstani Tenge
JV Akbastau LLP	Kazakhstan	Extraction, processing and export of uranium products	50%	16,026	50%	18,601
Semizbay-U LLP	Kazakhstan	Extraction, processing and export of uranium products	51%	10,575	51%	9,331
Karatau LLP	Kazakhstan	Extraction, processing and export of uranium products	50%	9,452	50%	15,490
TsOU CJSC	Russia	Production of advanced uranium products	50%	6,274	50%	-
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	57.7%	4,375	-	-
KazPerOxide LLP	Kazakhstan	Sale of hydrogen peroxide	50%	66	50%	26
Ulba TVS LLP	Kazakhstan	Construction of heat assembly units plant and production, marketing and sale of heat assembly units	51%	48	51%	63
Ulba Conversion LLP	Kazakhstan	Construction and operation of conversion plant in Kazakhstan	50.96%	29	50.96%	-
JV UKR TVS CJSC	Ukraine	Production of nuclear fuel	33.33%	8	33.33%	8
SKZ-U LLP	Kazakhstan	Production of sulphuric acid	49%	-	49%	-
Kazatomprom-Sorbent LLP	Kazakhstan	Supply of ion exchange resin	51%	-	51%	-
KAS GmbH	Germany	Development and implementation of high technology and innovative projects	50%	-	50%	-
KRKAS JSC	Kazakhstan	Design and technical documentation of nuclear reactors and nuclear stations	50%	-	50%	-
Yingtian Ulba Shine Metal Materials Co., Ltd JSC	China	Beryllium rolls production	-	-	50%	-
Total investments in joint ventures				46,853		43,519

During the six month 2016, the Group increased its interest in Uranenergo LLP and reassessed presence of control, joint control and significant influence over the investee. As the result of this assessment, management concluded that the Group has joint control over Uranenergo LLP. Accordingly, the investment was reclassified from investments into associates to investments into joint ventures.

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21. Loans to Related Parties

<i>In millions of Kazakhstani Tenge</i>	30 June 2016 (unaudited)	31 December 2015
Non-current		
Kyzylkum LLP	18,701	18,033
Baiken-U LLP	13,585	13,100
Semizbay-U LLP	1,211	1,211
Total non-current loans to related parties	33,497	32,344
Current		
Semizbay-U LLP	1,211	1,211
JV KRKAS JSC	13	13
Total current loans to related parties	1,224	1,224

In September and December 2010, as a financial support the Group provided interest-bearing long-term loans to Kyzylkum LLP and Baiken-U LLP. In 2012 the repayment schedule was revised to extend the terms of maturity of Kyzylkum LLP and Baiken-U LLP loans to 2024 and 2022, respectively. The loans are collateralised by the property of the borrowers.

In September 2012, the Group provided a five-year loan to Semizbay-U LLP. This loan is secured by property of Semizbay-U LLP. The loan is repayable starting from 2014.

22. Current Accounts Receivable

<i>In millions of Kazakhstani Tenge</i>	30 June 2016 (unaudited)	31 December 2015
Trade accounts receivable	38,981	103,406
Trade accounts receivable from related parties	7,761	5,507
Total gross trade accounts receivable	46,742	108,913
Provision for impairment of receivables	(1,241)	(1,379)
Provision for impairment of receivables from related parties	(65)	(350)
Total net trade accounts receivable	45,436	107,184
Other accounts receivable	583	778
Other accounts receivable from related parties	2	4
Total gross other accounts receivable	585	782
Provision for impairment of other accounts receivable	(479)	(454)
Total net other accounts receivable	106	328
Total current accounts receivable	45,542	107,512

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23. Inventories

<i>In millions of Kazakhstani Tenge</i>	30 June 2016 (unaudited)	31 December 2015
Finished goods and goods for resale	87,625	70,636
Work-in-process	13,337	12,922
Raw materials	12,601	13,354
Materials in process	1,927	1,907
Spare parts	664	826
Fuel	457	506
Other materials	1,999	2,188
Provision for obsolescence	(7,829)	(2,647)
Total inventories	110,781	99,692

24. Cash and Cash Equivalents

<i>In millions of Kazakhstani Tenge</i>	30 June 2016 (unaudited)	31 December 2015
Current bank accounts	80,048	53,246
Demand deposits	5,186	2,570
Cash in hand	53	53
Total cash and cash equivalents	85,287	55,869

25. Other Assets

<i>In millions of Kazakhstani Tenge</i>	30 June 2016 (unaudited)	31 December 2015
Non-current		
Restricted cash	7,232	7,032
Long-term inventories	5,813	6,398
Recoverable VAT	1,681	1,712
Dividends receivable from related parties	1,256	1,256
Loans to employees	926	1,174
Prepaid expenses	698	620
Advances for non-current assets	672	857
Advances to related parties for non-current assets	476	578
Total other non-current assets	18,754	19,627
Current		
Dividends receivable from related parties	38,663	7,513
Advances for goods and services	4,104	2,824
Advances to related parties for goods and services	770	728
Due from employees	484	471
Prepaid expenses	448	336
Prepaid insurance	360	434
Prepaid taxes other than income tax	309	228
Restricted cash	82	-
Other assets from related parties	20	-
Other assets	22	23
Total other current assets	45,262	12,557

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26. Share Capital

In March 2015 the Company registered an increase in number of authorised ordinary shares by 92,600 with par value of Tenge 1,000. As of 30 June 2016 the total authorised number of ordinary shares is 36,784,961, including (1) 36,692,361 issued shares and (2) 92,600 shares to be redeemed by the Shareholder.

All issued ordinary shares of the Company are owned by NWF Samruk-Kazyna JSC (Note 1), which solely and ultimately decides on dividend distribution. Each ordinary share carries one vote.

Dividends declared and paid during the year were as follows:

<i>In millions of Kazakhstani Tenge</i>	
Dividends payable at 1 January 2016	-
Dividends declared during the period	12,031
Dividends paid during the period	(12,031)
Dividends payable at 30 June 2016	-
Dividends per share declared during the period, in Tenge	328

27. Loans and borrowings

<i>In millions of Kazakhstani Tenge</i>	30 June 2016 (unaudited)	31 December 2015
Non-current		
Bank loans	99,206	119,481
Non-bank loans	309	295
Finance lease liabilities	77	-
Non-current loans and borrowings	99,592	119,776
Current		
Bank loans	48,254	52,845
Finance lease liabilities	27	-
Total current loans and borrowings	48,281	52,845

On 19 January 2015, the Group signed an agreement on unsecured syndicated loan with five banks for the total amount of USD 450 million. The purpose of the syndicated loan was to refinance bonds. The loan is repayable by equal instalments starting from September 2015 till June 2019. Covenants of the loan include restriction on significant sale and leaseback and factoring transactions by the Group as well as significant mergers, splits, amalgamations and corporate restructuring, significant acquisition and establishment of entities, except for allowed under the agreement. The Group is also required to maintain ratio of financial liabilities to EBITDA of not more than 3.5 to 1 and ratio of financial liabilities to equity of not more than 1 to 1.

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28. Accounts Payable

<i>In millions of Kazakhstani Tenge</i>	30 June 2016 (unaudited)	31 December 2015
Non-current		
Trade accounts payable	583	585
Other accounts payable	5	-
Total non-current accounts payable	588	585
Current		
Trade accounts payable to related parties	48,480	71,826
Trade accounts payable	14,624	29,094
Total trade accounts payable	63,104	100,920
Other accounts payable to related parties	8	14
Other accounts payable	1,021	688
Total other accounts payable	1,029	702
Total current accounts payable	64,133	101,622

29. Provisions

<i>In millions of Kazakhstani Tenge</i>	Compen- sation for occupa- tional diseases	Environment protection	Site restoration	Other	Total
At 1 January 2016					
Non-current	419	2,316	14,420	28	17,183
Current	100	-	1	-	101
Total	519	2,316	14,421	28	17,284
Provision for the period	-	-	-	1	1
Unwinding of discount	18	77	430	-	525
Provision used	(49)	-	-	-	(49)
Change in estimates	-	-	(338)	-	(338)
At 30 June 2016 (unaudited)					
Non-current	437	2,393	14,512	29	17,371
Current	51	-	1	-	52
Total	488	2,393	14,513	29	17,423

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30. Other Liabilities

<i>In millions of Kazakhstani Tenge</i>	30 June 2016 (unaudited)	31 December 2015
Non-current		
Historical costs liabilities	2,854	3,224
Advances received from related parties	1,626	1,698
Deferred income	562	546
Preferred shares	265	265
Advances received	44	30
Issued financial guarantees	241	378
Total non-current other liabilities	5,592	6,141
Current		
Advances received from related parties	3,069	2,426
Accrued unused vacation payments and bonuses	2,865	3,447
Wages and salaries payable	2,443	2,049
Advances received	2,257	1,483
Historical costs liabilities	897	909
Dividends payable to other participants	568	245
Social contributions payable	547	850
Deferred income	42	75
Other liabilities to related parties	-	7
Other liabilities	396	1,297
Total current other liabilities	13,084	12,788

31. Contingencies and Commitments

Except for items disclosed below, as of 30 June 2016, there are no contingent liabilities, commitments and operating risks in addition to those disclosed in the consolidated financial statements for the year ended 31 December 2015.

Tax legislation

In July 2015 a documentary thematic inspection on state control over transfer pricing for 2008 was completed at the Company. As a result of the inspection the Company received report and notice No. 2041 of 22 July 2015 of payment of additional corporate income tax, penalties and interest for total amount of Tenge 3,302 million. The Group unsuccessfully appealed the assessment with the Committee for State Revenue of Ministry of Finance and Specialised Interregional Economic Court of Astana. The Group has positive experience of appealing results of 2002-2006 tax inspection in court and on 20 July 2016 the Group filed an appeal with Astana Appeal Court Collegiate. However, based on probability of the outcome, the Group recognised liability for full amount of the claim within income tax expense (Note 14) and general and administrative expenses (Note 8) in these condensed interim consolidated financial statements.

In accordance with order of Astana City tax department of 13 February 2014, NAC Kazatomprom JSC was subject to complex tax inspection covering tax liabilities for all taxes and other mandatory payments for 2009-2012. Based on the results of tax inspection (Act No. 186 of 30 December 2014), the Company was issued a notice of additional assessments for total amount of Tenge 3,035 million, including taxes for Tenge 1,735 million (including corporate income tax for Tenge 980 million, excess profit tax for Tenge 155 million, property tax for Tenge 77 million, mineral extraction tax for Tenge 234 million, commercial discovery bonus for Tenge 288 million, and other taxes for Tenge 1 million), interest for Tenge 339 million, and requirement to pay administrative fine for Tenge 961 million.

On 13 February 2015, the Company filed an appeal to State Revenue Committee of Ministry of Finance on disagreement of the inspection findings. On 18 January 2016, the Company received Notice No. 186/1 on results of the appeal on the tax inspection results for total amount of Tenge 1,215 million including corporate income tax for Tenge 522 million, excess profit tax for Tenge 91 million, commercial discovery bonus for Tenge 288 million, property tax for Tenge 77 million, mineral extraction tax for Tenge 21 million, withholding tax for Tenge 1 million and interest for Tenge 215 million. In accordance with the amendments to Article 396 of the Tax Code of the Republic of Kazakhstan, the Company accrued additional property tax on the mine development assets for Tenge 77 million and mineral extraction tax for Tenge 21 million.

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31. Contingencies and Commitments (Continued)

On 5 March 2016, the Company filed a case with the Specialised Interregional Economic Court of Astana against Notice No. 186/1 on additional assessment of taxes for Tenge 901 million, including corporate income tax for Tenge 522 million, excess profit tax for Tenge 91 million and commercial discovery bonus for Tenge 288 million.

On 27 April 2016, the court decided to dismiss the Company's case against the Astana City State Revenue Department. On 18 May 2016, the Company filed an appeal with Appeal Collegiate of Astana City Court. On 22 June 2016, Appeal Collegiate of Astana City Court made a decision to dismiss the appeal. The Group recognised a liability (Tenge 1,598 million) for these assessments including taxes, penalty and interest in 2015 and the latest developments did not have impact on these condensed interim consolidated financial statements.

As at 31 December 2014, tax authorities completed complex tax inspection of APPAK LLP covering tax liabilities for all taxes and other mandatory payments for 2010-2012. Based on the results of the tax inspection, APPAK LLP was issued a notice of additional assessments for total amount of Tenge 2,312 million (including corporate income tax for Tenge 1,300 million, excess profit tax for Tenge 474 million, property tax for Tenge 368 million, mineral extraction tax for Tenge 170 million), interest for Tenge 758 million, and requirement to pay administrative fine for Tenge 1,156 million.

APPAK LLP filed an appeal to State Revenue Committee of Ministry of Finance. Following unsuccessful appeal, APPAK LLP filed a case with Economic Court of Al-Farabi District in the city of Shymkent against assessment of Tenge 840 million, including corporate income tax for Tenge 628 million and interest for Tenge 212 million. The case of APPAK LLP was dismissed. APPAK LLP intends to file an appeal with Shymkent City Court. As at 30 June 2016, APPAK LLP recognised a liability for Tenge 1,274 million, including corporate income tax for Tenge 627 million (Note 14), interest for Tenge 212 million and penalty for Tenge 435 million (Note 8).

In 2014, tax authorities completed complex tax inspection for 2009-2012 of JV KATKO LLP, the Group's associate engaged in extraction and sale of uranium products. Based on the results of inspections, JV KATKO LLP was issued with assessments for total amount of approximately Tenge 12 billion (the Group's share is approximately Tenge 6 billion). JV KATKO LLP filed an appeal with the Tax department of South Kazakhstan region. Based on the appeal, the assessment was revised to Tenge 7,300 million in July 2016. Consistently with the Group companies JV KATKO LLP recognised a liability for the property tax and related mineral extraction tax. Based on the assessment of the existing tax risks JV KATKO LLP recognised a tax liability for Tenge 6,210 million including taxes of Tenge 2,996 million, interest of Tenge 1,648 million and fine of Tenge 1,566 million in 2015. The revision of assessments did not have impact on these condensed interim consolidated financial statements. JV KATKO LLP intends to appeal the assessment with the tax authorities and courts of the Republic of Kazakhstan.

Guarantees

The maximum credit risk under financial guarantees given for financing of certain related parties as at 30 June 2016 is Tenge 36,943 million (31 December 2015: Tenge 67,479 million).

32. Fair Value of Financial Instruments

With the exception of instruments specified in the following table, the Group believes that the carrying value of financial assets and financial liabilities are recognised in the financial statements approximate their fair value due to their short-term nature:

<i>In millions of Kazakhstani Tenge</i>	30 June 2016 (unaudited)		31 December 2015	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Bank loans	147,460	140,011	172,326	165,435
Non-bank loans	309	145	295	140
Finance lease liabilities	104	65	-	-
Historical costs liabilities	3,751	2,971	4,133	3,720
Total	151,624	143,192	176,754	169,295

In assessing fair values, management used the following major methods and assumptions: (a) for interest free financial liabilities and financial liabilities with fixed interest rate, financial liabilities were discounted at effective interest rate which

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approximates the market rate; (b) for financial liabilities with floating interest rate, the fair value is not materially different from the carrying amount because the effect of the time value of money is immaterial.

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32. Fair Value of Financial Instruments (Continued)

As in previous periods, management could not reliably estimate the fair value of the Group's investment in shares of TNEH-US and TNEH-UK with carrying value of Tenge 66,004 million. The investment is carried at cost. The investees have not published recent financial information about their operations, their shares are not quoted and recent trade prices are not publicly accessible.

33. Principal Subsidiaries

These condensed interim consolidated financial statements include the following subsidiaries:

	Principal activity	Ownership	
		30 June 2016	31 December 2015
MAEK-Kazatomprom LLP	Production, transfer and sales of electric power and heat, production and sales of potable, technical and distilled water, transportation of sea water and gas	100%	100%
Kazatomprom-Damu LLP (Kazatomprom-Demeu LLP)	Social services, construction and management of social services facilities in subsurface use areas	90%	90%
Bailanys-NAK LLP	Communication services	100%	100%
Korgan Kazatomprom LLP	Security services	100%	100%
APPAK LLP	Exploration, extraction and initial processing of uranium-containing ores	65%	65%
Ulba Metallurgical Plant JSC	Production and processing of uranium materials, production of rare metals and semiconductor materials	90%	90%
Volkovgeologiya JSC	Exploration and research of uranium reserves, drilling services, monitoring of radiation level and environment conditions	90%	90%
High Technology Institute LLP	Research, project, development and engineering consulting services	100%	100%
Kyzyltu LLP	Exploration, extraction and processing of molybdenum-copper ores with uranium content	76%	76%
JV SARECO LLP	Ore enrichment, hydro-metallurgical production of rare metals concentrates, chemical production of rare metals	51%	51%
MK KazSilicon LLP	Production and sale of metallurgical and polycrystalline silicon, recycling of silicon production waste	100%	100%
Kazakhstan Solar Silicon LLP	Production of silicon of solar quality, silicon slices and photovoltaic slices	100%	100%
Astana Solar LLP	Production of photovoltaic modules	100%	100%
JV KT Rare Metals Company LLP	Project feasibility works for exploration of rare metals	51%	51%
DP Ortaalyk LLP	Production services, processing to chemical uranium concentrate and mine development services	100%	100%
Remmontazhservice LLP	Field piping, repairs, production of non-standard equipment and maintenance	100%	100%
RU-6 LLP	Exploration, production and preliminary processing of uranium ore	100%	100%
Trade and Transportation Company LLP	Procurement and transportation services	99.9998%	99.9998%
Kutkarushi Tau-ken LLP	Firefighting services	100%	100%
Geotechnoservice LLP	Development of mining works plans, mining projects, geophysical research	100%	100%
Kazatomprom SaUran-U LLP	Exploration, production and preliminary processing of uranium ore	100%	100%
Ecoenergomash LLP	Production of vertical wind power station for complex renewable power supply systems	-	100%
Kazakhstan Nuclear University LLP	Education services	-	100%
TGHP LLP	Exploration, production and preliminary processing of uranium ore	-	100%
Stepnoe RU LLP	Exploration, production and preliminary processing of uranium ore	-	100%

In 2016, Econergomash LLP and Kazakhstan Nuclear University LLP merged with High Technology Institute LLP, and TGHP LLP and Stepnoe RU LLP merged with Kazatomprom SaUran-U LLP.