

# **JSC National Atomic Company Kazatomprom**

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

**for six months ended 30 June 2017**

## Content

### REPORT ON REVIEW OF 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 2017 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

3 August 2017  
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 2017**

<i>In millions of Kazakhstani Tenge</i>	Note	Six months ended	
		30 June 2017 (unaudited)	30 June 2016 (unaudited)
Revenue	5	203,403	192,524
Cost of sales	6	(162,550)	(123,333)
<b>Gross profit</b>		<b>40,853</b>	<b>69,191</b>
Distribution expenses	7	(2,649)	(3,536)
General and administrative expenses	8	(12,492)	(14,003)
Impairment losses	9	(4,028)	(12,661)
Gain on disposal of subsidiary		-	330
Net foreign exchange (loss)/gain		(987)	3,227
Other income	10	6,213	857
Other expenses	11	(1,713)	(3,691)
Finance income	12	2,475	3,362
Finance costs	12	(4,469)	(4,976)
Share of results of associates	19	11,644	16,792
Share of results of joint ventures	20	13,637	19,984
<b>Profit before tax</b>		<b>48,484</b>	<b>74,876</b>
Income tax expense	14	(14,126)	(13,603)
<b>PROFIT FOR THE PERIOD</b>		<b>34,358</b>	<b>61,273</b>
<b>Other comprehensive income</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		9	(180)
Share in other comprehensive loss of equity method investments		-	(31)
<b>Other comprehensive income/(loss) for the period</b>		<b>9</b>	<b>(211)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>34,367</b>	<b>61,062</b>
<b>Profit for the period attributable to:</b>			
- Owners of the Company		34,142	59,465
- Non-controlling interest		216	1,808
<b>Profit for the period</b>		<b>34,358</b>	<b>61,273</b>
<b>Total comprehensive income for the period attributable to:</b>			
- Owners of the Company		34,150	59,275
- Non-controlling interest		217	1,787
<b>Total comprehensive income for the period</b>		<b>34,367</b>	<b>61,062</b>
Earnings per share from continuing operations, basic and diluted (rounded to Tenge)		926	1,621

These condensed interim consolidated financial statements were approved by management on 3 August 2017:

Yussupov M.B.  
Chief Financial Officer -  
member of the Management Board

Kaliyeva Z.G.  
Chief Accountant

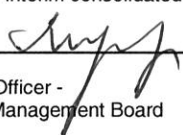




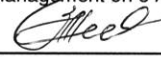
**JSC National Atomic Company Kazatomprom**  
**Condensed Interim Consolidated Statement of Financial Position as at 30 June 2017**

<i>In millions of Kazakhstani Tenge</i>	<i>Note</i>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016 (audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		7,328	7,117
Property, plant and equipment	15	118,480	117,335
Mine development assets	16	42,227	41,682
Mineral rights	17	2,323	2,291
Exploration and evaluation assets	18	4,016	3,471
Investments in associates	19	98,173	107,773
Investments in joint ventures	20	65,925	66,862
Other investments	21	67,041	67,041
Accounts receivable		202	-
Deferred tax assets		4,304	4,299
Term deposits		15	15
Loans to related parties	22	19,226	19,151
Other non-current assets	26	20,445	19,517
		<b>449,705</b>	<b>456,554</b>
<b>Current assets</b>			
Accounts receivable	23	59,150	67,921
Prepaid income tax		4,836	7,391
Value-added tax		22,602	22,235
Inventories	24	134,613	120,095
Term deposits		25,866	56,476
Loans to related parties	22	4	13
Cash and cash equivalents	25	114,633	75,052
Other current assets	26	37,339	10,831
		<b>399,043</b>	<b>360,014</b>
Assets of disposal groups classified as held for sale		3,241	3,463
		<b>402,284</b>	<b>363,477</b>
<b>TOTAL ASSETS</b>		<b>851,989</b>	<b>820,031</b>
<b>EQUITY</b>			
Share capital	27	37,051	36,785
Additional paid-in capital		4,785	4,785
Foreign currency translation reserve		(2,608)	18,061
Retained earnings		482,690	495,732
Equity attributable to shareholders of the Company		521,918	555,363
Non-controlling interest		14,352	12,467
<b>TOTAL EQUITY</b>		<b>536,270</b>	<b>567,830</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	28	56,518	77,184
Finance lease liabilities		274	120
Accounts payable	29	558	581
Provisions	30	17,830	17,320
Deferred tax liabilities		4,499	4,743
Employee benefits		1,339	1,346
Other non-current liabilities	31	4,812	5,199
		<b>85,830</b>	<b>106,493</b>
<b>Current liabilities</b>			
Loans and borrowings	28	51,476	50,581
Finance lease liabilities		36	44
Provisions	30	51	98
Accounts payable	29	86,678	74,654
Other tax and compulsory payments liabilities		4,727	6,198
Employee benefits		197	244
Income tax liabilities		5,615	134
Other current liabilities	31	79,434	11,789
		<b>228,214</b>	<b>143,742</b>
Liabilities of disposal groups classified as held for sale		1,675	1,966
<b>TOTAL LIABILITIES</b>		<b>315,719</b>	<b>252,201</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>851,989</b>	<b>820,031</b>

These condensed interim consolidated financial statements were approved by management on 3 August 2017:

  
Yussupov M.B.  
Chief Financial Officer -  
member of the Management Board



  
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 2017**

<i>In millions of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2017 (unaudited)</b>	<b>Six months ended 30 June 2016 (unaudited)</b>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	224,080	267,375
VAT refund	10,379	18,338
Interest received	1,288	1,296
Payments to suppliers	(183,290)	(185,717)
Payments to employees	(19,297)	(18,630)
<b>Cash flows from operating activities</b>	<b>33,160</b>	<b>82,662</b>
Income tax paid	(6,205)	(8,396)
Interest paid	(2,225)	(2,567)
<b>Cash flows from operating activities</b>	<b>24,730</b>	<b>71,699</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(7,138)	(2,338)
Proceeds from disposal of property, plant and equipment	470	29
Acquisition of intangible assets	(589)	(39)
Acquisition of mine development assets	(4,391)	(4,220)
Acquisition of exploration and evaluation assets	(986)	(1,741)
Placement of term deposits	(23,261)	(38,569)
Redemption of term deposits	53,333	8,377
Dividends received from associates, joint ventures and other investments	20,323	37,124
Proceeds from disposal of investments in associates and joint ventures	-	58
Cash contributions to the capital of joint ventures	(2,674)	(1,174)
Other	(52)	(210)
<b>Cash flows used in investing activities</b>	<b>35,035</b>	<b>(2,703)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans and borrowings	9,702	1,810
Repayment of loans and borrowings	(27,020)	(27,764)
Finance lease payments	(18)	(3)
Dividends paid to the shareholder of the parent company	-	(12,031)
Dividends paid to non-controlling interest	(5)	(85)
Other payments to the shareholder	-	(650)
Other payments for non-controlling interest	(326)	-
<b>Cash flows used in financing activities</b>	<b>(17,667)</b>	<b>(38,723)</b>
<b>Net increase in cash and cash equivalents</b>	<b>42,098</b>	<b>30,273</b>
Cash and cash equivalents at the beginning of the period	75,052	55,869
Effect of exchange rate fluctuations on cash and cash equivalents	(2,517)	(855)
<b>Cash and cash equivalents at the end of the period</b>	<b>114,633</b>	<b>85,287</b>

These condensed interim consolidated financial statements were approved by management on 3 August 2017:

Yussupov M.B.  
Chief Financial Officer -  
member of the Management Board



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 2017**

In millions of Kazakhstani Tenge	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			
<b>Balance at 1 January 2016</b>	<b>36,692</b>	<b>18,819</b>	<b>398,991</b>	<b>4,785</b>	<b>459,287</b>	<b>10,118</b>	<b>469,405</b>
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)
<b>Total comprehensive income for the period (unaudited)</b>	<b>-</b>	<b>(159)</b>	<b>59,434</b>	<b>-</b>	<b>59,275</b>	<b>1,787</b>	<b>61,062</b>
Dividends declared	-	-	(12,031)	-	(12,031)	(415)	(12,446)
<b>Balance at 30 June 2016 (unaudited)</b>	<b>36,692</b>	<b>18,660</b>	<b>446,394</b>	<b>4,785</b>	<b>506,531</b>	<b>11,490</b>	<b>518,021</b>
<b>Balance at 1 January 2017</b>	<b>36,785</b>	<b>18,061</b>	<b>495,732</b>	<b>4,785</b>	<b>555,363</b>	<b>12,467</b>	<b>567,830</b>
Profit for the period	-	-	34,142	-	34,142	216	34,358
Exchange differences arising on translation of foreign operations	-	8	-	-	8	1	9
Share of other comprehensive loss in equity method investments	-	(20,677)	20,677	-	-	-	-
<b>Total comprehensive income for the period (unaudited)</b>	<b>-</b>	<b>(20,669)</b>	<b>54,819</b>	<b>-</b>	<b>34,150</b>	<b>217</b>	<b>34,367</b>
Dividends declared	-	-	(65,849)	-	(65,849)	(18)	(65,867)
Acquisition of non-controlling interests in subsidiaries	-	-	(2,012)	-	(2,012)	1,686	(326)
Contributions of owners	266	-	-	-	266	-	266
<b>Balance at 30 June 2017 (unaudited)</b>	<b>37,051</b>	<b>(2,608)</b>	<b>482,690</b>	<b>4,785</b>	<b>521,918</b>	<b>14,352</b>	<b>536,270</b>

These condensed interim consolidated financial statements were approved by management on 3 August 2017:

Yussupov M.B.  
Chief Financial Officer -  
member of the Management Board



Kaliyeva Z.G.  
Chief accountant

## **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 2017 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 2017 (Note 34).

## **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 2017 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 2016 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 2016 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 2016 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 period.

## **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 2016 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 2016.

### ***Exchange rates***

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

	<b>30 June 2017</b>	<b>31 December 2016</b>
<b>Closing exchange rates – Tenge</b>		
1 US Dollar	322.27	333.29
	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>Average exchange rates for the six months – Tenge</b>		
1 US Dollar	318.77	345.31

### ***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 2017:

*Disclosure Initiative – Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017).* The amended IAS 7 requires disclosure of a reconciliation of movements in liabilities arising from financing activities. The reconciliation has been presented in Note 28.

*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).* Adoption of these amendments did not have a significant impact on the condensed interim consolidated financial statements.

*Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12).* Adoption of these amendments did not have a significant impact on the condensed interim consolidated financial statements.

### 3. Summary of Significant Accounting Policies (Continued)

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 2017. 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.

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).
- Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods 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).
- 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 a date to be determined by the IASB).
- Amendments to IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018 for amendments to IFRS 1 and IAS 28).
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Transfers of Investment Property - Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- IFRS 17 Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).

### 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 2017 are as follows:

<i>In millions of Kazakhstani Tenge</i>	<b>Accounts receivable and other assets (Note 23,26)</b>	<b>Dividends receivable (Note 26)</b>	<b>Loans given (Note 22)</b>	<b>Accounts payable and other liabilities (Note 29,31)</b>
Associates	6,286	20,538	19,226	28,531
Joint ventures	3,933	9,241	4	22,768
Entities under common control	337	-	-	6,817
Associates of the Parent	32	-	-	2
Other	256	-	-	12,779
<b>Total</b>	<b>10,844</b>	<b>29,779</b>	<b>19,230</b>	<b>70,897</b>



**JSC National Atomic Company Kazatomprom**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**for the six months ended 30 June 2017**

**4. Balances and Transactions with Related Parties (Continued)**

The income and expenses items with related parties for the period ended 30 June 2017 are as follows:

<i>In millions of Kazakhstani Tenge</i>	<b>Sale of goods and services</b>	<b>Dividends received (Note 19, 20)</b>	<b>Purchase of goods and services</b>	<b>Dividends to the Share- holder</b>	<b>Interest income</b>	<b>Interest expense</b>
Associates	8,479	21,244	29,287	-	856	54
Joint ventures	6,926	22,942	27,464	-	-	-
Entities under common control	8,653	-	21,370	-	-	-
Shareholder	-	-	-	65,849	-	-
Other	994	-	11,688	-	-	-
<b>Total</b>	<b>25,052</b>	<b>44,186</b>	<b>89,809</b>	<b>65,849</b>	<b>856</b>	<b>54</b>

The outstanding balances with related parties as at 31 December 2016 are as follows:

<i>In millions of Kazakhstani Tenge</i>	<b>Accounts receivable and other assets (Note 23,26)</b>	<b>Dividends receivable (Note 26)</b>	<b>Loans given (Note 22)</b>	<b>Accounts payable and other liabilities (Note 29,31)</b>
Associates	3,308	5,916	19,151	31,991
Joint ventures	2,036	-	13	16,704
Entities under common control	278	-	-	8,312
Associates of the Parent	14	-	-	624
Other	274	-	-	64
<b>Total</b>	<b>5,910</b>	<b>5,916</b>	<b>19,164</b>	<b>57,695</b>

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>	<b>Sale of goods and services</b>	<b>Dividends received (Note 19, 20)</b>	<b>Purchase of goods and services</b>	<b>Dividends to the Share- holder</b>	<b>Interest income</b>	<b>Interest expense</b>
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	-
<b>Total</b>	<b>24,063</b>	<b>69,009</b>	<b>72,479</b>	<b>12,031</b>	<b>1,263</b>	<b>54</b>

The table below shows the remuneration of key management personnel:

<i>In millions of Kazakhstani Tenge</i>	<b>30 June 2017 (unaudited)</b>		<b>30 June 2016 (unaudited)</b>	
	<b>Expenses</b>	<b>Accrued liability</b>	<b>Expenses</b>	<b>Accrued liability</b>
<i>Short-term benefits</i>				
Salaries and bonuses	657	73	457	80
<b>Total</b>	<b>657</b>	<b>73</b>	<b>457</b>	<b>80</b>

#### 4. Balances and Transactions with Related Parties (Continued)

In 2016, the Company and SGHK LLP established a joint venture JV Budenovskoe LLP with participation share of 51% and 49%, respectively. During first half of 2017, the Company transferred its right on subsurface use as a capital contribution to JV Budenovskoe LLP. As of the date of contribution, the right on subsurface use was valued in the amount of Tenge 11,686 million (equivalent of 38 million US dollars), equal to the Company's contribution. In these condensed interim consolidated financial statements, the Group recognised a gain to the extent of unrelated investor's interest in the joint venture, i.e. 49% of the total value of this right in the amount of Tenge 5,726 million within other income (Note 10). The Company does not have unpaid contributions into charter capital of JV Budenovskoe LLP.

#### 5. Revenue

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2017 (unaudited)	30 June 2016 (unaudited)
Sales of uranium products	141,694	130,714
Sales of utilities	28,606	28,547
Sales of purchased goods	10,177	9,272
Sales of beryllium	6,061	5,622
Sales of tantalum	5,573	6,557
Drilling services	4,550	5,431
Processing services	3,778	3,717
Transportation services	2,801	2,603
Research and development services	114	58
Sales of photovoltaic cells	49	3
<b>Total revenue</b>	<b>203,403</b>	<b>192,524</b>

#### 6. Cost of Sales

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2017 (unaudited)	30 June 2016 (unaudited)
Materials and supplies	123,496	85,444
Wages and salaries	13,959	13,373
Depreciation and amortisation	8,050	7,763
Processing and other services	6,120	6,553
Taxes other than income tax	5,938	5,800
Transportation expenses	2,140	1,557
Utilities	854	858
Maintenance and repair	780	700
Other	1,213	1,285
<b>Total cost of sales</b>	<b>162,550</b>	<b>123,333</b>

#### 7. Distribution Expenses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2017 (unaudited)	30 June 2016 (unaudited)
Shipping, transportation and storage	1,837	2,641
Wages and salaries	311	302
Materials and supplies	77	174
Commissions	41	23
Rent	37	65
Other	346	331
<b>Total distribution expenses</b>	<b>2,649</b>	<b>3,536</b>



## 8. General and Administrative Expenses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2017 (unaudited)	30 June 2016 (unaudited)
Wages and salaries	6,855	6,012
Consulting and information services	2,058	2,998
Rent	529	547
Taxes other than income tax	530	464
Depreciation and amortisation	366	399
Travel	280	289
Penalties and fines	183	1,753
Corporate events	157	44
Materials and supplies	131	122
Communication	80	144
Utilities	79	71
Security services	68	42
Maintenance and repair	57	244
Bank charges	38	57
Insurance	27	30
Stationery	26	29
Entertainment expenses	23	26
Reversal of provision for doubtful debts	(119)	(229)
Other	1,124	961
<b>Total general and administrative expenses</b>	<b>12,492</b>	<b>14,003</b>

## 9. Impairment Losses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2017 (unaudited)	30 June 2016 (unaudited)
Impairment of KazPV project assets	-	6,817
Other impairment losses	4,350	5,891
Reversal of impairment losses	(322)	(47)
<b>Total impairment losses</b>	<b>4,028</b>	<b>12,661</b>

At 30 June 2017 the following factors were considered by management as an indicator for impairment of assets (cash generating units):

- Cost of uranium products that are higher than market spot rates at the particular mine fields related to their obsolescence or just start of production;
- Less than budgeted production and sales volumes; higher than budgeted production costs at KazPV projects.

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.

## 9. Impairment Losses (Continued)

At 30 June 2017, the Group reviewed the carrying amounts of KazPV project assets to determine whether there was any indication of further impairment. 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). Due to these assets were already impaired mostly in previous periods, there were no further impairment at 30 June 2017.

Based on the impairment assessment at 30 June 2016, 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 month ended 30 June 2017 include mainly write down to the net realisable value of uranium (Tenge 2,880 million) and other inventory (Tenge 1,122 million). Impairment of these uranium products relates to obsolescence of particular mine fields, long-term assets of which were impaired in previous periods. Impaired other inventory mainly consists of photoelectric modules and solar panels due to its high production costs that higher than selling price.

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 2017 (unaudited)	30 June 2016 (unaudited)
Gain on the transfer of subsoil use rights as contribution (Note 4)	5,726	-
Gain on disposal of non-current assets	392	78
Fines and penalties	65	102
Property received free of charge	16	86
Gain on disposal of joint venture	-	285
Other	14	306
<b>Total other income</b>	<b>6,213</b>	<b>857</b>

## 11. Other Expenses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2017 (unaudited)	30 June 2016 (unaudited)
EXPO related expenses	769	-
Loss on suspension of production	376	268
Social sphere expenses	311	2,572
Depreciation of property, plant and equipment during cease of production	84	119
Other	173	732
<b>Total other expenses</b>	<b>1,713</b>	<b>3,691</b>

## 12. Finance Income and Finance Costs

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2017 (unaudited)	30 June 2016 (unaudited)
<b>Finance income</b>		
Interest income	2,086	2,344
Gain on remeasurement of financial liabilities	27	652
Gain on remeasurement of financial assets	281	262
Other	81	104
<b>Total finance income</b>	<b>2,475</b>	<b>3,362</b>
<b>Finance costs</b>		
Interest expense on loans and borrowings	2,669	3,072
Revaluation of financial assets	781	742
Unwinding of discount on provisions	598	525
Unwinding of discount on other financial liabilities	130	147
Loss on remeasurement of financial liabilities	129	-
Recognition of discount on non-current accounts receivable	78	102
Other finance costs	84	388
<b>Total finance costs</b>	<b>4,469</b>	<b>4,976</b>

## 13. Personnel Costs

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2017 (unaudited)	30 June 2016 (unaudited)
Wages and salaries	25,033	24,180
Social tax and social contributions	2,665	2,547
<b>Total personnel costs</b>	<b>27,698</b>	<b>26,727</b>

## 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 2017 (unaudited)	30 June 2016 (unaudited)
Current income tax	14,376	14,485
Deferred income tax	(250)	(882)
<b>Total income tax expense</b>	<b>14,126</b>	<b>13,603</b>

#### 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 2017 (unaudited)	30 June 2016 (unaudited)
<b>Profit before tax</b>	<b>48,484</b>	<b>74,876</b>
Theoretical tax charge at statutory tax rate of 20%:	9,697	14,975
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income which is exempt from taxation	(453)	(575)
Non-deductible expenses	955	1,292
Transfer pricing adjustment	149	385
Elimination of unrecognised profits in finished goods	(77)	(40)
Share of results of associates	(2,275)	(3,358)
Share of results of joint ventures	(2,727)	(3,997)
Utilisation of previously unrecognised tax losses	(608)	(810)
Current period tax losses and temporary differences for which no deferred tax asset is recognised	332	427
Prior periods adjustments	720	3,423
Excess profit tax	5,609	-
Adjustment on right transfer	1,192	-
Other	1,612	1,881
<b>Income tax expense</b>	<b>14,126</b>	<b>13,603</b>

Excess profit tax during six month ended 30 June 2017 was recognised in relation to the gain on the transfer of subsoil use right as contribution to JV Budenovskoe LLP (Note 4).

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**15. Property, Plant and Equipment**

<i>In millions of Kazakhstani Tenge</i>	<b>Land</b>	<b>Buildings</b>	<b>Machinery and equip- ment</b>	<b>Vehicles</b>	<b>Other</b>	<b>Con- struction in progress</b>	<b>Total</b>
<b>At 1 January 2017</b>							
Cost	361	96,011	75,678	14,005	5,434	39,812	231,301
Accumulated depreciation and impairment	-	(30,719)	(43,747)	(7,711)	(3,177)	(28,612)	(113,966)
<b>Carrying amount</b>	<b>361</b>	<b>65,292</b>	<b>31,931</b>	<b>6,294</b>	<b>2,257</b>	<b>11,200</b>	<b>117,335</b>
Additions	4	10	817	861	318	5,007	7,017
Transfers	-	930	702	96	37	(1,765)	-
Depreciation charge	-	(2,294)	(2,731)	(544)	(263)	-	(5,832)
Impairment loss	-	(3)	(10)	-	(1)	(129)	(143)
Reversal of impairment loss	-	-	6	-	2	121	129
Disposals	-	(47)	(6)	(9)	(1)	-	(63)
Transfers to non-current assets held for sale	-	1	-	-	-	-	1
Transfers to intangible assets	-	-	36	-	-	-	36
<b>At 30 June 2017 (unaudited)</b>							
Cost	365	96,388	76,985	14,892	5,742	43,023	237,395
Accumulated depreciation and impairment	-	(32,499)	(46,240)	(8,194)	(3,393)	(28,589)	(118,915)
<b>Carrying amount</b>	<b>365</b>	<b>63,889</b>	<b>30,745</b>	<b>6,698</b>	<b>2,349</b>	<b>14,434</b>	<b>118,480</b>

As of 30 June 2017, commitments relating to the acquisition of property, plant and equipment were Tenge 6,624 million (31 December 2016: Tenge 2,222 million).

Borrowing costs capitalised in the period amounted to Tenge 103 million. The average capitalisation rate was 3.13%.

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**16. Mine Development Assets**

<i>In millions of Kazakhstani Tenge</i>	<b>Field preparation</b>	<b>Site restoration asset</b>	<b>Ion- exchange resin</b>	<b>Total</b>
<b>At 1 January 2017</b>				
Cost	66,298	7,062	4,887	78,247
Accumulated depreciation and impairment	(33,178)	(1,921)	(1,466)	(36,565)
<b>Carrying amount</b>	<b>33,120</b>	<b>5,141</b>	<b>3,421</b>	<b>41,682</b>
Additions	5,079	-	-	5,079
Transfers from inventory	235	-	-	235
Depreciation charge	(4,589)	(114)	(129)	(4,832)
Impairment loss	29	1	-	30
Changes in accounting estimates	-	33	-	33
<b>At 30 June 2017 (unaudited)</b>				
Cost	71,612	7,095	4,887	83,594
Accumulated depreciation and impairment	(37,738)	(2,034)	(1,595)	(41,367)
<b>Carrying amount</b>	<b>33,874</b>	<b>5,061</b>	<b>3,292</b>	<b>42,227</b>

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

**17. Mineral Rights**

<i>In millions of Kazakhstani Tenge</i>	
<b>At 1 January 2017</b>	
Cost	9,593
Accumulated amortisation and impairment	(7,302)
<b>Carrying amount</b>	<b>2,291</b>
Additions	90
Amortisation and impairment charge	(58)
<b>At 30 June 2017 (unaudited)</b>	
Cost	9,683
Accumulated amortisation and impairment	(7,360)
<b>Carrying amount</b>	<b>2,323</b>

**18. Exploration and Evaluation Assets**

<i>In millions of Kazakhstani Tenge</i>	<b>Tangible assets</b>	<b>Intangible assets</b>	<b>Total</b>
<b>At 1 January 2017</b>	<b>2,747</b>	<b>724</b>	<b>3,471</b>
Additions	1,097	-	1,097
Transfers to inventories	(799)	-	(799)
Transfer from assets / (to assets) held for sale	271	(24)	247
<b>At 30 June 2017 (unaudited)</b>	<b>3,316</b>	<b>700</b>	<b>4,016</b>

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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*

<b>Carrying value at 1 January 2017</b>	<b>107,773</b>
Share of results of associates	11,644
Dividends received from associates	(21,244)
<b>Carrying value at 30 June 2017 (unaudited)</b>	<b>98,173</b>

The Group has the following investments in associates:

	Country of incorporation	Principal activities	30 June 2017 (unaudited)		31 December 2016	
			% 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%	39,249	40.00%	37,686
JV KATKO LLP	Kazakhstan	Extraction, processing and export of uranium products	49.00%	33,779	49.00%	39,843
JV Zarechnoe JSC	Kazakhstan	Extraction, processing and export of uranium products	49.98%	8,698	49.98%	8,692
JV Khorasan-U LLP	Kazakhstan	Extraction, processing and export of uranium products	33.98%	4,945	33.98%	4,418
Kaustik JSC	Kazakhstan	Supply of caustic soda	40.00%	3,526	40.00%	3,462
Kyzylkum LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	3,123	30.00%	1,902
JV Betpak Dala LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	1,959	30.00%	2,316
JV South Mining Chemical Company LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	1,413	30.00%	8,258
JV SKZ Kazatomprom LLP	Kazakhstan	Production of sulphuric acid	9.89%	710	9.89%	737
JV Rosburmash LLP	Kazakhstan	Geological exploration	49.00%	702	49.00%	459
Samruk-Service LLP	Kazakhstan	Maintenance services of the companies	30.00%	69	30.00%	-
<b>Total investments in associates</b>				<b>98,173</b>		<b>107,773</b>

**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*

<b>Carrying value at 1 January 2017</b>	<b>66,862</b>
Share of results of joint ventures	13,637
Contributions to capital	8,401
Dividends received from joint ventures	(22,942)
Effect of translation to presentation currency	(1)
Impairment	(32)
<b>Carrying value at 30 June 2017 (unaudited)</b>	<b>65,925</b>

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**20. Investments in Joint Ventures (Continued)**

The Group has the following investments in joint ventures:

	Country of incorporation	Principal activity	30 June 2017 (unaudited)		31 December 2016	
			% ownership interest held	In millions of Kazakhstani Tenge	% ownership interest held	In millions of Kazakhstani Tenge
TsOU CJSC	Russia	Production of advanced uranium products	50.00%	14,624	50.00%	12,445
JV Akbastau JSC	Kazakhstan	Extraction, processing and export of uranium products	50.00%	13,729	50.00%	19,398
Semizbay-U LLP	Kazakhstan	Extraction, processing and export of uranium products	51.00%	11,502	51.00%	11,218
Karatau LLP	Kazakhstan	Extraction, processing and export of uranium products	50.00%	8,557	50.00%	15,791
JV Budenovskoe LLP*	Kazakhstan	Extraction, processing and export of uranium products	51.00%	5,704	51.00%	-
Ulba TVS LLP	Kazakhstan	Construction of heat assembly units plant and production, marketing and sale of heat assembly units	51.00%	5,328	51.00%	3,223
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	58.9%	4,889	58.02%	4,432
KazPerOxide LLP	Kazakhstan	Sale of hydrogen peroxide	-	-	-	-
SKZ-U LLP	Kazakhstan	Production of sulphuric acid	49.00%	1,500	49.00%	289
Ulba Conversion LLP	Kazakhstan	Construction and operation of conversion plant in Kazakhstan	50.96%	61	50.96%	45
JV UKR TVS CJSC	Ukraine	Production of nuclear fuel	33.33%	21	33.33%	21
KRKAS JSC	Kazakhstan	Design and technical documentation of nuclear reactors and nuclear stations	50.00%	10	50.00%	-
Kazatomprom-Sorbent LLP	Kazakhstan	Supply of ion exchange resin	-	-	51.00%	-
KAS GmbH	Germany	Development and implementation of high technology and innovative projects	50.00%	-	50.00%	-
<b>Total investments in joint ventures</b>				<b>65,925</b>		<b>66,862</b>

\* The Group made additional capital contribution to JV Budenovskoe LLP (Note 4).

**21. Other investments**

<i>In millions of Kazakhstani Tenge</i>	30 June 2017 (unaudited)	31 December 2016
<b>Investments available for sale</b>		
Toshiba Nuclear Energy Holdings (US) Inc.	48,892	48,892
Toshiba Nuclear Energy Holdings (UK) Ltd.	17,112	17,112
Baiken-U LLP	1,022	1,022
Other	15	15
<b>Total other investments</b>	<b>67,041</b>	<b>67,041</b>

*Investments in Toshiba Nuclear Energy Holdings (US) Inc and Toshiba Nuclear Energy Holdings (UK) Ltd*

In October 2007, the Group invested into Toshiba Nuclear Energy Holdings US, Inc. (TNEH-US) and Toshiba Nuclear Energy Holdings UK Ltd (TNEH-UK), by acquiring 10% Class A ordinary shares for a total amount of USD 540,000 thousand (TNEH-US USD 400,000 thousand and TNEH-UK USD 140,000 thousand).



## 21. Other investments (Continued)

Simultaneously with the acquisition of the interest in TNEH-US and TNEH-UK, the Group entered into a put option agreement (the "Put Option") with Toshiba Corporation, the parent company of TNEH-US and TNEH-UK. At the end of 2012 the Group and Toshiba Corporation signed an agreement that extended the Group's right to exercise the Put Option from 1 October 2017 until 28 February 2018. The Put Option gives the Group a right to sell its shares in TNEH-US and TNEH-UK to Toshiba Corporation for 100% of the original price paid, which equals to USD 540,000 thousand for the first 67% of shares, and for 90% of the original price paid for the remaining 33% of shares, resulting in the price of the Put Option to be equal to USD 522,180 thousand.

Simultaneously with the acquisition of the interest in TNEH-US and TNEH-UK, the Company entered into a call option agreement (the "Call Option"). The Call Option provides Toshiba Corporation with the right to demand from the Group the sale of its TNEH-UK and TNEH-US shares if the Committee on Foreign Investment in the United States (CFIUS), a US government entity, decides that the Company is no longer a strategic partner. In such case, the fair value of the Group's shares will be determined by an independent international appraiser. The Call Option was not exercised by Toshiba Corporation at 30 June 2017.

The Group has classified investments in TNEH-US and TNEH-UK as available for sale as this best reflects the intention of the Group with regard to its ability and intention to hold the investment for the long-term.

As in previous years, management could not reliably estimate the fair value of the Group's investment in shares of TNEH-US and TNEH-UK. 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.

On 29 March 2017, subsidiary of TNEH-US and TNEH-UK – Westinghouse Electric Company LLP and number of its affiliated subsidiaries (Westinghouse Group) filed for Chapter 11 Bankruptcy in Southern District Court of New York city to restructure itself as a result of costly problems at the nuclear power plants it's building in the states of Georgia and South Carolina. The Group's rights in relation to the put option remain unaffected as Toshiba Corporation confirmed to the Group in writing that the Put Option agreement dated 1 October 2007 with amendments dated 14 December 2013 on the interest in TNEH-US and TNEH-UK is a full responsibility of the Toshiba Corporation and the restructuring of Westinghouse Electric Company LLP does not affect the Group's rights on execution of the Put Option. In accordance with the terms of the Put Option agreement, the Toshiba Corporation will meet its obligation in relation to an acquisition of those interests at fixed price equal to initial purchase price if the Group executes its Put Option accordingly.

Investments in Baiken-U LLP represent 5% interest in equity. Management could not reliably estimate the fair value of the Group's investment in Baiken-U LLP. The investment is carried at cost because investee's shares are not quoted and recent trade prices are not publicly accessible. The Group does not plan to dispose other investments.

## 22. Loans to Related Parties

<i>In millions of Kazakhstani Tenge</i>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
<b>Non-current</b>		
Kyzylkum LLP	19,226	19,151
<b>Total non-current loans to related parties</b>	<b>19,226</b>	<b>19,151</b>
<b>Current</b>		
JV KRKAS JSC	4	13
<b>Total current loans to related parties</b>	<b>4</b>	<b>13</b>

The weighted average annual interest rate on loans to related parties in six months ended 30 June 2017 was 8.5%.

## 23. Current Accounts Receivable

<i>In millions of Kazakhstani Tenge</i>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
Trade accounts receivable	50,771	64,524
Trade accounts receivable from related parties	9,883	5,096
<b>Total gross trade accounts receivable</b>	<b>60,654</b>	<b>69,620</b>
Provision for impairment of receivables	(1,614)	(1,697)
Provision for impairment of receivables from related parties	(52)	(64)
<b>Total net trade accounts receivable</b>	<b>58,988</b>	<b>67,859</b>
Other accounts receivable	620	510
Other accounts receivable from related parties	13	19
<b>Total gross other accounts receivable</b>	<b>633</b>	<b>529</b>
Provision for impairment of other accounts receivable	(471)	(467)
<b>Total net other accounts receivable</b>	<b>162</b>	<b>62</b>
<b>Total current accounts receivable</b>	<b>59,150</b>	<b>67,921</b>

## 24. Inventories

<i>In millions of Kazakhstani Tenge</i>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
Finished goods and goods for resale	108,588	88,595
Work-in-process	16,185	15,908
Raw materials	12,289	14,476
Materials in process	1,460	1,440
Spare parts	679	730
Fuel	595	656
Other materials	2,514	2,522
Provision for obsolescence and write-down to net realisable value	(7,697)	(4,232)
<b>Total inventories</b>	<b>134,613</b>	<b>120,095</b>

## 25. Cash and Cash Equivalents

<i>In millions of Kazakhstani Tenge</i>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
Current bank accounts	112,124	62,323
Demand deposits	2,415	12,685
Cash in hand	94	44
<b>Total cash and cash equivalents</b>	<b>114,633</b>	<b>75,052</b>

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**26. Other Assets**

<i>In millions of Kazakhstani Tenge</i>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
<b>Non-current</b>		
Long-term inventories	7,461	7,149
Advances for non-current assets	5,773	5,450
Restricted cash	4,087	3,470
Recoverable VAT	1,550	1,570
Loans to employees	696	839
Dividends receivable from related parties	693	694
Prepaid expenses	185	345
<b>Total other non-current assets</b>	<b>20,445</b>	<b>19,517</b>
<b>Current</b>		
Dividends receivable from related parties	29,779	5,916
Advances for goods and services	4,179	2,948
Prepaid expenses	1,378	373
Advances to related parties for goods and services	813	498
Due from employees	495	451
Prepaid insurance	334	335
Prepaid taxes other than income tax	280	185
Restricted cash	57	82
Other assets from related parties	2	16
Other	22	27
<b>Total other current assets</b>	<b>37,339</b>	<b>10,831</b>

**27. Share Capital**

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.

On 22 February 2017, the National Bank made a state registration of the Company's 265,983 ordinary shares issue with par value of Tenge 1,000. Thus, as of 30 June 2017, the total number of authorised ordinary shares is 37,050,944.

Dividends declared and paid during the period were as follows:

<i>In millions of Kazakhstani Tenge</i>	
Dividends payable at 1 January 2017	-
Dividends declared during the period	65,849
Dividends paid during the period	-
<b>Dividends payable at 30 June 2017 (unaudited)</b>	<b>65,849</b>
<b>Dividends per share declared during the period, in Tenge</b>	<b>1,790</b>

## 28. Loans and Borrowings

<i>In millions of Kazakhstani Tenge</i>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
<b>Non-current</b>		
Bank loans	56,180	76,861
Non-bank loans	338	323
<b>Non-current loans and borrowings</b>	<b>56,518</b>	<b>77,184</b>
<b>Current</b>		
Bank loans	51,476	50,581
<b>Total current loans and borrowings</b>	<b>51,476</b>	<b>50,581</b>

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.

Reconciliation of the Group's loans and borrowings is presented below:

<i>In millions of Kazakhstani Tenge</i>	
<b>At 1 January 2017</b>	<b>127,765</b>
New borrowings	9,702
Repaid borrowings	(27,020)
Interest accrued	2,669
Interest paid	(2,225)
Effect of foreign exchange rate	(2,638)
Other	(259)
<b>At 30 June 2017 (unaudited)</b>	<b>107,994</b>

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**29. Accounts Payable**

<i>In millions of Kazakhstani Tenge</i>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
<b>Non-current</b>		
Trade accounts payable	555	574
<b>Total financial non-current accounts payable</b>	<b>555</b>	<b>574</b>
Other accounts payable	3	7
<b>Total financial non-current accounts payable</b>	<b>3</b>	<b>7</b>
<b>Total non-current accounts payable</b>	<b>558</b>	<b>581</b>
<b>Current</b>		
Trade accounts payable to related parties	67,013	54,964
Trade accounts payable	18,083	18,308
<b>Total financial current accounts payable</b>	<b>85,096</b>	<b>73,272</b>
Other accounts payable to related parties	3	74
Other accounts payable	1,579	1,308
<b>Total other accounts payable</b>	<b>1,582</b>	<b>1,382</b>
<b>Total current accounts payable</b>	<b>86,678</b>	<b>74,654</b>

**30. Provisions**

<i>In millions of Kazakhstani Tenge</i>	<b>Compensation for occupational diseases</b>	<b>Environment protection</b>	<b>Site restoration</b>	<b>Other</b>	<b>Total</b>
<b>At 1 January 2017</b>					
Non-current	369	2,733	14,187	31	17,320
Current	97	-	1	-	98
<b>Total</b>	<b>466</b>	<b>2,733</b>	<b>14,188</b>	<b>31</b>	<b>17,418</b>
Provision for the period	-	-	25	1	26
Unwinding of discount	17	92	489	-	598
Provision used	(48)	(1)	(24)	-	(73)
Change in estimates	-	-	(88)	-	(88)
<b>At 30 June 2017 (unaudited)</b>					
Non-current	385	2,824	14,589	32	17,830
Current	50	-	1	-	51
<b>Total</b>	<b>435</b>	<b>2,824</b>	<b>14,590</b>	<b>32</b>	<b>17,881</b>

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**31. Other Liabilities**

<i>In millions of Kazakhstani Tenge</i>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
<b>Non-current</b>		
Historical costs liabilities	2,024	2,453
Advances received from related parties	1,516	1,579
Deferred income	861	723
Preferred shares	265	265
Issued financial guarantees	146	179
<b>Total non-current other liabilities</b>	<b>4,812</b>	<b>5,199</b>
<b>Current</b>		
Dividends payable to related parties	65,849	-
Accrued unused vacation payments and bonuses	3,947	4,020
Advances received	2,648	2,220
Advances received from related parties	2,365	1,078
Wages and salaries payable	2,382	1,892
Historical costs liabilities	848	874
Social contributions payable	557	872
Dividends payable to other participants	268	255
Deferred income	52	90
Other	518	488
<b>Total current other liabilities</b>	<b>79,434</b>	<b>11,789</b>

**32. Contingencies and Commitments**

Except for items disclosed below, as of 30 June 2017, 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 2016.

**Tax legislation**

The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. In particular, existing subsurface use contracts do not have tax stability from 1 January 2009 and tax liabilities are computed under common regime. This could result in unfavourable changes to subsurface users' tax positions, including those of the Group. Non-compliance with Kazakhstani law and regulations as interpreted by the Kazakhstani authorities may lead to the assessment of additional taxes, penalties and interest.

Kazakhstani tax legislation and practice is in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In certain situations, to determine a tax base, the tax legislation refers to IFRS provisions. In such cases, interpretation of IFRS provisions by the Kazakhstani tax authorities may differ from accounting policies, judgments and estimates used by management for preparation of these interim condensed consolidated financial statements, and this may result in additional tax liabilities for the Group. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for five years.

During previous periods, the tax authorities conducted number of comprehensive and thematic tax audits of the Company and its subsidiaries, associates and joint ventures, as a result of which significant additional tax liabilities with penalties and fines were assessed. Most of these tax assessments, were not accepted by the Group, and accordingly were challenged in accordance with the generally established procedures. Nature of these tax disputes, management's position, current status and impact on the financial statements were disclosed in the consolidated financial statements for the year ended 31 December 2016. During six months ended 30 June 2017, there were no significant changes in these open tax disputes, which could have significant adverse impact on the Group's financial statements.

**Guarantees**

The maximum credit risk under financial guarantees given for financing of certain related parties as at 30 June 2017 is Tenge 16,240 million (31 December 2016: Tenge 21,649 million).

## **32. Contingencies and Commitments (Continued)**

### ***Significant planned transactions***

#### ***(a) Agreement with Cameco***

In 2016, the Company and Canadian Cameco Corporation which owns 60% of interest in JV Inkai LLP, signed a restructuring agreement. The agreement stipulates further development of joint projects for next 30 years at JV Inkai LLP, namely, prolongation of subsoil use contract term and increase of the Company's interest in JV Inkai LLP from 40% to 60%. The agreement also stipulates the terms on creation of a joint affinage production. Increase in production volume and redistribution of interest is expected from 2019. This transaction does not have impact on the condensed interim consolidated financial statements, but will have significant impact in future.

#### ***(b) Agreement with Uranium One Inc.***

In October 2016, the Russian Rosatom Corporation, the Ministry of Energy of the Republic of Kazakhstan and the Company signed a memorandum of understanding and increase of strategic cooperation in nuclear fuel cycle. As a development to this memorandum, the Company and Uranium One Inc., which is part of the international uranium producing division of Rosatom Corporation, signed an agreement on further development of Karatau LLP. This transaction does not have impact on the condensed interim consolidated financial statements, but will have significant impact in future.

#### ***(c) Corporate claims***

In 2006, NAC Kazatomprom JSC sold 95% and 40% of interest in Baiken-U LLP and Kyzylkum LLP, respectively, as a result of which the Group lost control (under IFRS) over these entities. There is a court claim filed by NAC Kazatomprom JSC in an offshore jurisdiction for recognition of its rights for shares in an offshore-based entity that owns certain portion of interest in Baiken-U LLP and Kyzylkum LLP. As at 31 December 2016, Kyzylkum LLP is recognised as investment in associate (Note 19) and Baiken-U LLP as other investment (Note 21). Full disclosure of this confidential matter is not provided in these condensed interim consolidated financial statements for six months ended 30 June 2017. Disclosure of such information may seriously prejudice the position of the Group in litigation/negotiation process with involved parties. Currently, the resolution of this matter is in the process. Management believes that the Group does not have any material liabilities or contingent liabilities as a result of this matter.

## **33. Fair Value of Financial Instruments**

The Group believes that the carrying value of financial assets and financial liabilities are recognised in the financial statements approximate their fair value. 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 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.

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.



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### 34. Principal Subsidiaries

These condensed interim consolidated financial statements include the following subsidiaries:

	Principal activity	Ownership/voting	
		30 June 2017	31 December 2016
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	Financial services, financing in various sectors of the economy, investing activities	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	90.18%	90.18%
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	100%	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%
DP Ortalyk LLP	Production services, processing to chemical uranium concentrate and mine development services	100%	100%
RU-6 LLP	Production services, processing to chemical uranium concentrate and mine development services	100%	100%
Kazatomprom-SaUran LLP	Production services, processing to chemical uranium concentrate and mine development services	100%	100%
Geotechnoservice LLP	Development of mining works plans, mining projects, geophysical research	100%	100%
Trade and Transportation Company LLP	Procurement and transportation services	99.9998%	99.9998%
Kazakhstan Nuclear Electric Stations JSC	Implementation of projects on construction of nuclear electric stations and their operation	100%	100%
Kazakatom TH AG	Marketing function for sale of uranium, investment and administration of finances, goods and rights	100%	100%

### 35. Subsequent Events

In accordance with the Agreement on further development of Karatau LLP between Uranium One Inc. and the Company, Uranium One Inc. made a payment of 10 million US Dollars to the Company (Note 32).