

JSC National Atomic Company Kazatomprom

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

for six months ended 30 June 2018

JSC National Atomic Company Kazatomprom

Content

REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Report on review of condensed interim consolidated financial statements

To the Shareholder and the Board of Directors 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 2018 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

28 September 2018
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 2018

<i>In millions of Kazakhstani Tenge</i>	Note	Six months ended	
		30 June 2018 (unaudited)	30 June 2017 (unaudited) restated
Revenue	7	145,029	153,188
Cost of sales	8	(106,539)	(120,924)
Gross profit		38,490	32,264
Distribution expenses	9	(3,361)	(2,402)
General and administrative expenses	10	(12,573)	(11,558)
Impairment losses	11	(3,486)	(4,020)
Net foreign exchange gain/(loss)		1,296	(1,142)
Net result from business combinations	37	96,858	-
Other income	12	110	6,209
Other expenses	13	(1,187)	(1,564)
Finance income	14	2,638	2,429
Finance costs	14	(5,088)	(4,387)
Share of results of associates	21	6,948	11,644
Share of results of joint ventures	22	(1,905)	13,637
Profit before tax		118,740	41,110
Income tax expense	16	(4,823)	(13,032)
Profit from continuing operations		113,917	28,078
Profit from discontinued operation	38	1,103	2,087
PROFIT FOR THE PERIOD		115,020	30,165
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(22,123)	9
Other comprehensive (loss)/income for the period		(22,123)	9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		92,897	30,174
Profit for the period attributable to:			
- Owners of the Company		114,220	29,949
- Non-controlling interest		800	216
Profit for the period		115,020	30,165
Total comprehensive income for the period attributable to:			
- Owners of the Company		92,093	29,957
- Non-controlling interest		804	217
Total comprehensive income for the period		92,897	30,174
Earnings per share from continuing operations, basic and diluted (rounded to Tenge)		3,083	810

These condensed interim consolidated financial statements were approved by management on 28 September 2018:


Yussupov M.B.
Chief Financial Officer


Kozha-Akhmet D.A.
Financial Controller


Kaliyeva Z.G.
Chief Accountant

JSC National Atomic Company Kazatomprom
Condensed Interim Consolidated Statement of Financial Position as at 30 June 2018

<i>In millions of Kazakhstani Tenge</i>	Note	30 June 2018 (unaudited)	31 December 2017 (audited)
ASSETS			
Non-current assets			
Intangible assets		8,736	8,009
Property, plant and equipment	17	134,685	122,175
Mine development assets	18	102,762	43,530
Mineral rights	19	161,130	2,004
Exploration and evaluation assets	20	6,610	5,608
Investments in associates	21	62,231	101,746
Investments in joint ventures	22	41,240	74,818
Other investments	23	4,411	1,726
Accounts receivable		243	140
Deferred tax assets		8,948	6,836
Term deposits		11	-
Loans to related parties	24	13,091	20,302
Other non-current assets	28	25,610	24,125
		569,708	411,019
Current assets			
Accounts receivable	25	73,752	58,085
Prepaid income tax		9,869	5,493
Value-added tax		21,375	24,182
Inventories	26	202,918	169,675
Term deposits		7,618	8,472
Loans to related parties	24	8,119	-
Cash and cash equivalents	27	100,542	239,936
Other current assets	28	23,852	18,396
		448,045	524,239
Assets of disposal groups classified as held for sale	39	40,162	2,774
		488,207	527,013
TOTAL ASSETS		1,057,915	938,032
EQUITY			
Share capital			
Additional paid-in capital	29	37,051	37,051
Reserves		4,785	4,785
Retained earnings		(979)	(2,229)
		543,620	586,998
Equity attributable to shareholders of the Company		584,477	626,605
Non-controlling interest		91,997	14,571
TOTAL EQUITY		676,474	641,176
LIABILITIES			
Non-current liabilities			
Borrowings	30	369	38,910
Finance lease liabilities		418	294
Accounts payable	31	588	582
Provisions	32	27,581	22,688
Deferred tax liabilities		35,581	4,443
Employee benefits		943	1,247
Other non-current liabilities	33	6,081	7,711
		71,561	75,875
Current liabilities			
Borrowings			
Finance lease liabilities	30	90,209	82,374
Provisions		119	125
Accounts payable	32	143	189
Other tax and compulsory payments liabilities	31	53,653	112,642
Employee benefits		5,659	4,168
Income tax liabilities		126	173
Other current liabilities	33	508	5,618
		105,582	14,349
Liabilities of disposal groups classified as held for sale	39	255,999	219,638
		53,881	1,343
TOTAL LIABILITIES		381,441	296,856
TOTAL EQUITY AND LIABILITIES		1,057,915	938,032

These condensed interim consolidated financial statements were approved by management on 28 September 2018:


Yussupov M.B.
Chief Financial Officer


Kozha-Akhmet D.A.
Financial Controller



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 2018

<i>In millions of Kazakhstani Tenge</i>	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
OPERATING ACTIVITIES		
Cash receipts from customers	182,320	224,080
VAT refund	12,808	10,379
Interest received	1,006	1,288
Payments to suppliers	(207,003)	(183,290)
Payments to employees	(22,389)	(19,297)
Cash flows (used in) / from operating activities	(33,258)	33,160
Income tax paid	(8,750)	(6,205)
Interest paid	(2,993)	(2,225)
Cash (outflow) / inflow from operating activities	(45,001)	24,730
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(9,046)	(7,138)
Proceeds from disposal of property, plant and equipment	44	470
Acquisition of intangible assets	(1,850)	(589)
Acquisition of mine development assets	(10,712)	(4,391)
Acquisition of exploration and evaluation assets	(1,003)	(986)
Placement of term deposits	(3,123)	(23,261)
Redemption of term deposits	4,847	53,333
Cash acquired from acquisition of subsidiaries and joint operations	2,921	-
Dividends received from associates, joint ventures and other investments	7,135	20,323
Proceeds from disposal of investments in subsidiary	89	-
Cash contributions to the capital of joint ventures	(1,301)	(2,674)
Cash of disposed subsidiary	(774)	-
Other	(385)	(52)
Cash (outflow) / inflow from investing activities	(13,158)	35,035
FINANCING ACTIVITIES		
Proceeds from borrowings	32,142	9,702
Repayment of borrowings	(67,931)	(27,020)
Finance lease payments	(96)	(18)
Dividends paid to the shareholder	(45,019)	-
Dividends paid to non-controlling interest	(1,976)	(5)
Other payments for non-controlling interest	-	(326)
Cash outflow from financing activities	(82,880)	(17,667)
Net (decrease) / increase in cash and cash equivalents	(141,039)	42,098
Cash and cash equivalents at the beginning of the period	239,936	75,052
Effect of exchange rate fluctuations on cash and cash equivalents	1,645	(2,517)
Cash and cash equivalents at the end of the period	100,542	114,633

These condensed interim consolidated financial statements were approved by management on 28 September 2018:


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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 Changes In Equity
for the six months ended 30 June 2018

<i>In millions of Kazakhstani Tenge</i>	Attributable to the shareholder of the Company				Total	Non- controlling interest	Total equity
	Share capital	Reserves	Retained earnings	Additional paid-in capital			
Balance at 1 January 2017	36,785	18,061	495,732	4,785	555,363	12,467	567,830
Profit for the period	-	-	29,949	-	29,949	216	30,165
Exchange differences arising on translation of foreign operations	-	8	-	-	8	1	9
Total comprehensive income for the period (unaudited)	-	8	29,949	-	29,957	217	30,174
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
Transfer between reserves	-	(20,677)	20,677	-	-	-	-
Balance at 30 June 2017 (unaudited)	37,051	(2,608)	478,497	4,785	517,725	14,352	532,077
Previously reported balance at 1 January 2018	37,051	(2,229)	586,998	4,785	626,605	14,571	641,176
Effect of adoption of new standards (Note 35)	-	2,701	(1,910)	-	791	-	791
Adjusted at 1 January 2018	37,051	472	585,088	4,785	627,396	14,571	641,967
Profit for the period	-	-	114,220	-	114,220	800	115,020
Exchange differences arising on translation of foreign operations	-	(1,451)	(20,676)	-	(22,127)	4	(22,123)
Total comprehensive income for the period (unaudited)	-	(1,451)	93,544	-	92,093	804	92,897
Dividends declared	-	-	(135,012)	-	(135,012)	(139)	(135,151)
Acquisition of non-controlling interest in subsidiary	-	-	-	-	-	76,761	76,761
Balance at 30 June 2018 (unaudited)	37,051	(979)	543,620	4,785	584,477	91,997	676,474

These condensed interim consolidated financial statements were approved by management on 28 September 2018:


Yussupov M.B.
Chief Financial Officer


Kozha-Akhmet D.A.
Financial Controller


Kaliyeva Z.G.
Chief Accountant

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

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 2018 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 on matters of National Atomic Company Kazatomprom 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" or "Samruk-Kazyna"). 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, and development of high technologies.

The Group sells its products on export and domestically.

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 the Russian Federation, and other risks could have significant negative effects on financial and corporate sectors in Kazakhstan. Management has assessed the potential impairment of long-term assets of the Group, taking into account the current economic situation and its prospects. Future economic situation and regulatory environment may differ from the current expectations of management.

Changes in the Group structure

JV Inkai LLP

In December 2017, the Group and Cameco completed restructuring of JV Inkai LLP (Note 37). Under the terms of the sales agreement, effective from 1 January 2018 the Group increased its interest in JV Inkai LLP from 40% to 60% and obtained control over the investee. The Group consolidates JV Inkai LLP from 1 January 2018.

JV Akbastau JSC and Karatau LLP

In 2018, the Group and Uranium One Inc. signed a number of agreements related to Karatau LLP and JV Akbastau JSC (Note 37). As a result, these joint ventures were classified as joint operations under the IFRS 11. The Group ceased recognition of investments in joint ventures and recognised its share in joint operations by proportionate consolidation of entities' assets, liabilities, revenue and expenses.

MAEK-Kazatomprom LLP

On 25 June 2018, the Group signed an agreement with Samruk-Kazyna for sale of 100% interest in MAEK-Kazatomprom LLP (Note 38). The corresponding government consent was signed on 3 July 2018. Accordingly, in this condensed interim consolidated financial statements MAEK-Kazatomprom LLP is presented as a discontinued operation.

1. General Information (Continued)

Kazakhstan Nuclear Electric Stations JSC

On 25 June 2018 the Group signed an agreement with Samruk-Kazyna for sale of 100% interest in Kazakhstan Nuclear Electric Stations JSC (Note 36).

Sale of assets under Privatisation plan

In accordance with the Government Decree of the Republic of Kazakhstan No. 1141 «On privatisation program 2016-2020» dated 30 December 2015 the Group plans to realise a number of its non-core assets, including entities of KazPV project: «Astana Solar» LLP, «Kazakhstan Solar Silicon» LLP and «MK KazSilicon» LLP. The sale of these entities is expected in the second half of 2018, accordingly the Group has presented assets and liabilities of this disposal group as held for sale (Note 39).

The Group also plans to realise SARECO LLP and Kaustik JSC as part of the privatisation program and currently searches for potential investors. As of the date of these interim financial statements, there was no sufficient basis to classify these assets as held for sale.

2. Basis of Preparation

These condensed interim consolidated financial statements as at and for the six-month period ended 30 June 2018 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 the year ended 31 December 2017 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 the year ended 31 December 2017 prepared in accordance with IFRS.

Management believes that 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 the year 2017 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.

3. Summary of Significant Accounting Policies

The accounting principles applied during 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 2017, except for the adoption of new and amended standards and other matters as set out below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price generally must be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

3. Summary of Significant accounting policies (Continued)

Amendments to IFRS 15, Revenue from Contracts with Customers. The amendments do not change the underlying principles of the Standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract, how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided), and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time.

Based on the analysis of Group's regular revenue streams, individual contract terms and based on the facts and circumstances existing at that date, and taking into account simplified method of transition, the Group's management concluded that the standard had no impact on the Group's applied accounting practices. In accordance with the IFRS 15 transitional statements, the Group selected a simplified method to reflect the transition impact to the new standard, as of 1 January 2018, in the consolidated financial statements for the year ended 31 December 2018, which will be the first year of IFRS 15 adoption.

IFRS 9 Financial instruments

The Group applied IFRS 9 retrospectively, but in accordance with IFRS 9 (7.2.15) and (7.2.26) transitional statements the Group did not restate comparative information, therefore, comparative information is presented in accordance with previous accounting policies disclosed in the financial statements for the year ended 31 December 2017. The Group does not apply hedge accounting, so IFRS 9 is not applicable in this respect. The impact of this standard on the financial statements is presented below. Other standards did not have an impact on the Group's accounting policies and did not require a retrospective adjustment of past periods.

(a) Classification of financial assets

From 1 January 2018 the Group classifies its financial assets in the following measurement categories:

- amortised cost,
- fair value through profit or loss,
- fair value through other comprehensive income.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes

(b) Debt instruments - Financial assets measured at amortised cost (Note 35)

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method and presented as "interest income" in the statement of profit or loss. Impairment losses are recognised according to the policy stated in the note (f) and presented in "impairment loss on financial assets".

(c) Debt instruments - Financial assets measured at fair value through other comprehensive income (FVOCI)

Debt instruments that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised as "other gains/(losses)". Interest income from these financial assets is included in "interest income" using the effective interest rate method. The impairment losses are recognised according to the policy stated in the note (f) and presented as "impairment loss on financial assets".

3. Summary of Significant accounting policies (Continued)

(d) Debt instruments - Financial assets measured at fair value through profit or loss

Debt instruments that do not meet classification criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

A gain or loss on fair value measurement of debt instrument is recognised in profit or loss as "fair value gains/(losses)" in the period in which it arises, except for interest income which is calculated using the effective interest rate method and included in "interest income".

(e) Equity instruments - Financial assets measured at fair value through other comprehensive income (FVOCI) (Note 35)

The Group measures all equity investments at fair value. The Group elected to present fair value gains and losses on equity instruments in OCI as they are not held for generating investment returns. Where such an election is made there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss when the Group's right to receive payment is established. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVOCI are not reported separately from other changes in fair value.

(f) Impairment of financial assets referred to in point (b)- (c) above

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI regardless of any impairment indicators.

The Group follows a four-stage model for asset impairment, excluding receivables:

- Stage 1 – financial assets without significant increase in credit risk since the initial recognition,
- Stage 2 – financial assets with a significant increase in credit risk since the initial recognition,
- Stage 3 – financial assets at default,
- Stage 4 – acquired or created credit-impaired assets. These assets cannot change their stage over the lifetime of financial instrument.

For current receivables without significant financial component, the Group applies simplified approach in accordance with IFRS 9 and assesses credit losses over the lifetime of an asset from the initial recognition. Assessment of estimated provision is based on the assumption that in any reporting period amounts under risk fall either in "default category" or "non-default category". Therefore, the Group classifies unimpaired assets as "non-default" (stage 2) or "default" (stage 3), in case of meeting the criteria of default. Provision on receivables is created for the entire term.

The Group considers the following indicators for classification of financial instruments into impairment categories: overdue days, significant increase in credit risk, presence of default and other criteria.

(g) Modification of financial liabilities

A gain or loss from the modification of financial liabilities' contractual terms that do not result in derecognition of existing liability is recognised immediately in profit or loss. The gain or loss is calculated as the difference between the present values of modified and original cash flows, both discounted using the original effective interest rate of the liability.

Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

Seasonality

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

JSC National Atomic Company Kazatomprom
Notes to the Condensed Interim Consolidated Financial Statements
for the six months ended 30 June 2018

3. Summary of Significant accounting policies (Continued)

Exchange rates

At the date of these financial statements exchange rate of the National Bank of the Republic of Kazakhstan was Tenge 361.82 per USD 1 compared to Tenge 341.08 per USD 1 as at 30 June 2018 (31 December 2017: Tenge 332.33 per USD 1). Average exchange rate for 6 months of 2018 was Tenge 326.49 per USD 1 (6 months of 2017: 318.75).

Income tax

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

Revision of statement of profit or loss for six months ended 30 June 2018

Swap transactions (a)

In accordance with the approach adopted in preparation of the consolidated financial statements for 2017, the Group presented deliveries of uranium products on swap terms for the six months ended 30 June 2017 on net basis. Comparative information was restated accordingly.

Enriched uranium sale (b)

In accordance with the approach adopted in preparation of the consolidated financial statements for 2017, the Group netted off revenue and cost from delivery of enriched uranium in the first half of 2017 for the amount of Tenge 4,935 million.

Discontinued operation (c)

As disclosed in Note 38, as at 30 June 2018 MAEK-Kazatomprom LLP was classified as a discontinued operation. Earnings and cash flows from discontinued operations are presented separately from continuing operations both for current and comparative periods. Comparative information was restated accordingly.

The financial information in relation to restatements made for items (a), (b) and (c) described above is presented below:

<i>In millions of Kazakhstani Tenge</i>	6 months 2017 (as originally presented)	Adjustment (a)	Adjustment (b)	Adjustment (c)	6 months 2017 restated
Revenue	203,403	(15,939)	(4,935)	(29,341)	153,188
Cost of sales	(162,550)	10,698	4,935	25,993	(120,924)
Gross profit	40,853	(5,241)	-	(3,348)	32,264
Distribution expenses	(2,649)	-	-	247	(2,402)
General and administrative expenses	(12,492)	-	-	934	(11,558)
Impairment losses	(4,028)	-	-	8	(4,020)
Net foreign exchange loss	(987)	-	-	(155)	(1,142)
Other income	6,213	-	-	(4)	6,209
Other expenses	(1,713)	-	-	149	(1,564)
Finance income	2,475	-	-	(46)	2,429
Finance costs	(4,469)	-	-	82	(4,387)
Share of results of associates	11,644	-	-	-	11,644
Share of results of joint ventures	13,637	-	-	-	13,637
Profit before tax	48,484	(5,241)	-	(2,133)	41,110
Income tax expense	(14,126)	1,048	-	46	(13,032)
Profit from continuing operations	34,358	(4,193)	-	(2,087)	28,078
Profit from discontinued operation	-	-	-	2,087	2,087
PROFIT FOR THE PERIOD	34,358	(4,193)	-	-	30,165

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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 2017 prepared in accordance with IFRS.

SRK reports on JORC reserves and assets retirement obligations

In 2017, the Group engaged SRK Consulting (UK) Limited (hereinafter SRK) to assess the Group's reserves and resources in accordance with the Australasian Code for reporting on geological exploration works, mineral resources and ore reserves (2012) (hereinafter JORC Code) and for calculation of the Group's provision for assets retirement obligations (ARO).

Information on reserves and asset retirement obligations were updated by SRK as of 30 June 2018 and accounted for in preparation of these condensed interim consolidated financial statements.

5. New Accounting Pronouncements

Certain new standards, amendments to standards and interpretations have not become effective as of 30 June 2018. 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 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);
- IFRIC 23 Uncertainty about income taxation methods (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 Financial Instruments and IAS 28 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019);
- Annual Improvements to IFRSs 2015-2017 cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).

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6. Balances and Transactions with Related Parties

Entities under common control include companies under control of Samruk-Kazyna. 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 2018 are as follows:

<i>In millions of Kazakhstani Tenge</i>	Accounts receivable and other assets (Note 25, 28)	Dividends receivable (Note 28)	Loans given (Note 24)	Accounts payable and other liabilities (Note 31, 33)
Associates	3,020	-	21,210	24,907
Joint ventures	1,553	-	-	1,169
Entities under common control	663	-	-	560
Associates of the Shareholder	28	14,155	-	1
Shareholder	-	-	-	89,993
Other	115	-	-	11,360
Total	5,379	14,155	21,210	127,990

The income and expenses and other transactions with related parties for the period ended 30 June 2018 are as follows:

<i>In millions of Kazakhstani Tenge</i>	Sale of goods and services	Dividends received (Note 21, 22)	Purchase of goods and services	Dividends to the Shareholder	Interest income
Associates	6,613	5,816	26,115	-	595
Joint ventures	4,186	-	6,221	-	-
Entities under common control	8,578	-	23,670	-	-
Associates of the Shareholder	49	-	116	-	-
Shareholder	89	-	-	135,012	-
Other	490	-	10,862	-	-
Total	20,005	5,816	66,984	135,012	595

The outstanding balances with related parties as at 31 December 2017 are as follows:

<i>In millions of Kazakhstani Tenge</i>	Accounts receivable and other assets (Note 25, 28)	Dividends receivable (Note 28)	Loans given (Note 24)	Accounts payable and other liabilities (Note 31, 33)
Associates	3,189	13,707	20,302	39,196
Joint ventures	2,981	-	-	21,989
Entities under common control	186	-	-	8,778
Associates of the Shareholder	49	-	-	1,607
Other	340	-	-	16,246
Total	6,745	13,707	20,302	87,816

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6. Balances and Transactions with Related Parties (Continued)

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

<i>In millions of Kazakhstani Tenge</i>	Sale of goods and services	Dividends received (Note 21, 22)	Purchase of goods and services	Dividends to the Shareholder	Interest income	Interest expense
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	-	-	-
Total	25,052	44,186	89,809	65,849	856	54

The table below shows the remuneration of key management personnel:

<i>In millions of Kazakhstani Tenge</i>	30 June 2018 (unaudited)		30 June 2017 (unaudited)	
	Expenses	Accrued liability	Expenses	Accrued liability
<i>Short-term benefits</i>				
Salaries and bonuses	254	49	101	21
Total	254	49	101	21

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7. Revenue

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Sales of uranium products	112,889	120,819
Sales of purchased goods	8,258	10,177
Sales of beryllium	7,414	6,061
Sales of tantalum	7,353	5,573
Drilling services	3,630	4,550
Sales of other services	3,640	3,750
Transportation services	1,391	1,989
Sales of photovoltaic cells	238	49
Other	216	220
Total revenue	145,029	153,188

8. Cost of Sales

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Materials and supplies	63,713	88,801
Depreciation and amortisation	11,755	7,100
Wages and salaries	11,072	9,682
Taxes other than income tax	9,362	5,938
Processing and other services	5,698	6,132
Transportation expenses	1,762	1,301
Maintenance and repair	1,198	736
Utilities	922	832
Other	1,057	402
Total cost of sales	106,539	120,924

9. Distribution Expenses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Shipping, transportation and storage	2,446	1,837
Wages and salaries	241	215
Rent	130	37
Materials and supplies	84	75
Depreciation and amortisation	30	37
Other	430	201
Total distribution expenses	3,361	2,402

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10. General and Administrative Expenses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Wages and salaries	6,792	6,238
Consulting and information services	1,172	2,052
Impairment of accounts receivable and prepaid expenses	1,289	(39)
Rent	631	523
Depreciation and amortisation	425	323
Maintenance and repair	335	55
Business trip expenses	279	263
Communication	176	73
Materials and supplies	130	120
Taxes other than income tax	118	308
Utilities	93	78
Corporate events	69	157
Penalties and fines	35	183
Other	1,029	1,224
Total general and administrative expenses	12,573	11,558

11. Impairment Losses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Losses from assets impairment	3,605	4,058
Reversal of impairment losses	(119)	(38)
Total impairment losses	3,486	4,020

Impairment losses as of 30 June 2018 include write down to net realisable value of produced uranium products of Tenge 1,331 million and provision in the amount of Tenge 1,558 million for mispackaged uranium deliveries.

As of 30 June 2018 management has performed analysis of impairment indications of assets (cash-generating units) related to uranium production. Management has not identified additional factors, in comparison to the impairment assessment made as of 31 December 2017. During mid-2018 there was an increase in market prices for uranium products (spot price in July 2018 exceeded USD 25 per pound of U₃O₈).

12. Other Income

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Fines and penalties	31	29
Gain on disposal of property, plant and equipment	18	392
Gain on disposal of subsidiary	9	-
Gain on transfer of subsoil use right to charter capital	-	5,726
Other	52	62
Total other income	110	6,209

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13. Other Expenses

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Loss on suspension of production	407	376
Social sphere expenses	328	311
Depreciation of property, plant and equipment during suspension of production	79	76
EXPO related expenses	-	769
Other	373	32
Total other expenses	1,187	1,564

14. Finance Income and Costs

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Finance income		
Interest income	1,634	2,081
Gain from remeasurement of financial assets	961	281
Gain from remeasurement of financial liabilities	10	27
Unwinding of discount on financial assets	33	40
Total finance income	2,638	2,429
Finance costs		
Interest expense on borrowings	3,138	2,667
Unwinding of discount on provisions	1,065	598
Loss from remeasurement of financial assets	592	781
Unwinding of discount on other financial liabilities	120	130
Loss on remeasurement of financial liabilities	-	129
Other finance costs	173	82
Total finance costs	5,088	4,387

15. Personnel Costs

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Wages and salaries	28,217	25,033
Social tax and social contributions	2,983	2,665
Total personnel costs	31,200	27,698

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16. Income Tax Expense

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Current income tax	7,003	14,352
Deferred income tax	(2,180)	(1,320)
Total income tax expense	4,823	13,032

Income tax expense is recognised based on management's estimate of the weighted average effective income tax rate. The estimated average annual tax rate used for the year to 30 June 2018 is 22%, compared to 21% for the six months ended 30 June 2017. The tax rate is comparable to prior period.

17. Property, Plant and Equipment

<i>In millions of Kazakhstani Tenge</i>	Land	Buildings	Machinery and equip- ment	Vehicles	Other	Con- struction in progress	Total
At 1 January 2018							
Cost	360	100,308	81,301	15,699	6,015	49,519	253,202
Accumulated depreciation and impairment	-	(35,928)	(48,520)	(9,179)	(3,553)	(33,847)	(131,027)
Carrying amount	360	64,380	32,781	6,520	2,462	15,672	122,175
Additions	-	13	435	133	210	4,150	4,941
Additions from business combinations (Note 37)	-	19,504	17,569	1,147	559	3,665	42,444
Transfers	-	317	1,287	29	365	(1,998)	-
Transfer to mine development assets	-	-	-	-	-	(14)	(14)
Transfers (to)/from inventories	-	-	(28)	6	(24)	45	(1)
Depreciation charge	-	(2,678)	(3,127)	(716)	(573)	-	(7,094)
Impairment loss	-	(86)	(551)	(4)	(10)	(310)	(961)
Reversal of impairment loss	-	4	43	150	18	28	243
Disposals	(11)	(22)	(26)	(31)	(6)	(4)	(100)
Changes in estimates	-	(452)	134	-	-	-	(318)
Transfers to non-current assets held for sale	(82)	(6,112)	(10,485)	(467)	(1,139)	(8,278)	(26,563)
Transfers (to)/from intangible assets	-	-	-	-	1	(68)	(67)
At 30 June 2018 (unaudited)							
Cost	267	105,190	73,527	15,916	4,355	20,534	219,789
Accumulated depreciation and impairment	-	(30,322)	(35,495)	(9,149)	(2,492)	(7,646)	(85,104)
Carrying amount	267	74,868	38,032	6,767	1,863	12,888	134,685

As of 30 June 2018, commitments relating to the acquisition of property, plant and equipment were Tenge 10,616 million (31 December 2017: Tenge 1,890 million).

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18. Mine Development Assets

<i>In millions of Kazakhstani Tenge</i>	Field preparation	Site restoration asset	Ion- exchange resin	Total
At 1 January 2018				
Cost	65,843	11,728	5,359	82,930
Accumulated depreciation and impairment	(35,487)	(2,462)	(1,451)	(39,400)
Carrying amount	30,356	9,266	3,908	43,530
Additions	8,115	-	12	8,127
Additions from business combinations (Note 37)	51,195	170	4,624	55,989
Transfers from inventory	2,280	-	50	2,330
Transfers from property, plant and equipment	14	-	-	14
Depreciation charge	(8,147)	(654)	(333)	(9,134)
Impairment loss	(524)	-	-	(524)
Reversal of impairment loss	3	3	-	6
Changes in estimates	-	2,424	-	2,424
At 30 June 2018 (unaudited)				
Cost	188,647	15,853	11,986	216,486
Accumulated depreciation and impairment	(105,355)	(4,644)	(3,725)	(113,724)
Carrying amount	83,292	11,209	8,261	102,762

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

19. Mineral Rights

<i>In millions of Kazakhstani Tenge</i>	
At 1 January 2018	
Cost	9,183
Accumulated depreciation and impairment	(7,179)
Carrying amount	2,004
Additions from business combinations (Note 37)	160,090
Additions	4
Amortisation and impairment charge	(968)
Changes in estimates	2
Transfers to assets held for sale	(2)
At 30 June 2018 (unaudited)	
Cost	164,724
Accumulated depreciation and impairment	(3,594)
Carrying amount	161,130

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20. Exploration and Evaluation Assets

<i>In millions of Kazakhstani Tenge</i>	Tangible assets	Intangible assets	Total
At 1 January 2018	4,678	930	5,608
Additions	867	135	1,002
At 30 June 2018 (unaudited)	5,545	1,065	6,610

21. Investments in Associates

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

<i>In millions of Kazakhstani Tenge</i>	
Carrying value at 1 January 2018	101,746
Share of results of associates	6,948
Disposal (Note 37)	(40,389)
Dividends received from associates	(5,816)
Other	(258)
Carrying value at 30 June 2018 (unaudited)	62,231

The Group has the following investments in associates:

	Country of incorporation	Principal activities	30 June 2018 (unaudited)		31 December 2017	
			% 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%	40,389
JV KATKO LLP	Kazakhstan	Extraction, processing and export of uranium products	49.00%	42,183	49%	38,504
JV Zarechnoe JSC	Kazakhstan	Extraction, processing and export of uranium products	49.98%	1,852	49.98%	1,947
JV Khorasan-U LLP	Kazakhstan	Extraction, processing and export of uranium products	33.98%	5,332	33.98%	5,259
Kaustik JSC	Kazakhstan	Supply of caustic soda	40.00%	3,631	40%	3,775
Kyzylkum LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	3,992	30%	3,621
JV Betpak Dala LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	1,943	30%	1,949
JV South Mining Chemical Company LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	1,714	30%	5,029
JV SKZ Kazatomprom LLP	Kazakhstan	Production of sulphuric acid	9.89%	718	9.89%	720
JV Rosburmash LLP	Kazakhstan	Geological exploration	49.00%	866	49%	553
Total investments in associates				62,231		101,746

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21. Investments in Associates (Continued)

Summarised financial information for the first half of 2018 and as of 30 June 2018 in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

<i>In millions of Kazakhstani Tenge</i>	JV Betpak Dala LLP	Kyzylkum LLP	JV KATKO LLP	JV South Mining Chemical Company LLP	JV Zarechnoe JSC	JV Khorasan-U LLP	Other	Total
Current assets								
Including cash	6,477	8,174	40,614	25,138	9,807	18,457	6,325	114,992
Non-current assets	6,045	976	11,142	1,698	2,086	4,662	1,502	28,111
	-	29,345	62,574	39,445	16,228	24,169	23,846	195,607
Total assets	6,477	37,519	103,188	64,583	26,035	42,626	30,171	310,599
Current liabilities								
Including financial liabilities net of trade and other accounts payable and provisions	(2)	(8,955)	(6,421)	(50,275)	(7,810)	(25,846)	(7,375)	(106,684)
<i>Incl. loan from the Company</i>	-	(8,079)	(11,4)	(28)	(4,199)	(17,471)	(1,347)	(31,238)
Non-current liabilities	-	(8,079)	-	-	(1,299)	(832)	-	(8,079)
Including financial liabilities net of trade and other accounts payable and provisions	-	(15,090)	(6,439)	(7,124)	-	-	(14,072)	(46,856)
<i>Incl. loan from the Company</i>	-	(14,064)	-	-	-	-	(13,401)	(27,465)
	-	(14,064)	-	-	-	-	-	(14,064)
Total liabilities	(2)	(24,045)	(14,860)	(57,399)	(9,109)	(26,678)	(21,447)	(153,540)
Net assets	6,475	13,474	88,328	7,184	16,926	15,948	8,724	157,059
Group's share of net assets of associates								
Unrealised profit in the Group	1,943	4,042	43,281	2,155	8,460	5,419	1,068	66,368
Impairment	-	-	(1,166)	(104)	(94)	(87)	-	(1,451)
Other movements	-	(50)	-	-	(6,556)	-	(291)	(6,556)
Goodwill	-	-	68	-	-	-	4,438	(341)
Share in accumulated unrecognised losses	-	-	-	(337)	42	-	-	4,506
	-	-	-	-	-	-	-	(295)
Carrying value of investments in associates	1,943	3,992	42,183	1,714	1,852	5,332	5,215	62,231
Total revenue	-	6,869	27,471	19,167	4,687	10,560	8,678	77,432
Depreciation and amortisation	-	(387)	(5,902)	(2,535)	(1,107)	(1,849)	(1,060)	(12,840)
Finance income	14	9	6	142	24	98	49	342
Finance costs	-	(980)	(449)	(119)	(122)	(37)	(584)	(2,291)
Foreign exchange gain / (loss)	-	-	519	519	(97)	(86)	(95)	760
(Impairment) / reversal of impairment	-	-	98	57	122	(1)	(1)	276
Income tax expense	-	(497)	(2,492)	(1,564)	204	(142)	(163)	(4,654)
Profit / (loss) for the period	(23)	1,586	9,512	7,357	412	376	260	19,482
Total comprehensive income / (loss)	(23)	1,588	9,512	7,357	412	376	260	19,482
Other	-	-	(982)	167	(37)	(38)	-	(890)
Dividends accrued	-	-	-	5,617	199	-	-	5,816

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21. Investments in Associates (Continued)

Summarised financial information as of 31 December 2017 in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

In millions of Kazakhstani Tenge	JV South							Total	
	JV Betpak Data LLP	Kyzylkum LLP	JV KATKO LLP	JV Inkai LLP	Company LLP	JV Zarechnoe JSC	JV Khorasan-U LLP		Other
Current assets	6,519	7,877	39,270	28,850	27,585	7,935	19,391	6,306	143,733
Including cash	1,623	132	1,359	1,036	1,254	684	2,106	575	8,769
Non-current assets	-	29,700	62,572	130,998	36,450	15,663	23,986	26,755	326,124
Total assets	6,519	37,577	101,842	159,848	64,035	23,598	43,377	33,061	469,857
Current liabilities	(21)	(3,072)	(15,152)	(43,551)	(42,686)	(5,679)	(26,862)	(6,948)	(143,971)
Including financial liabilities net of trade and other accounts payable and provisions	-	-	(360)	(38,955)	(4,625)	(2,813)	(17,499)	(1,611)	(65,863)
Non-current liabilities	-	(22,269)	(7,875)	(11,720)	(2,562)	(876)	(892)	(15,807)	(62,001)
Including financial liabilities net of trade and other accounts payable and provisions	-	(21,179)	-	(45)	-	-	-	(14,614)	(35,838)
<i>Incl. loan from the Company</i>	-	(21,179)	-	-	-	-	-	-	(21,179)
Total liabilities	(21)	(25,341)	(23,027)	(55,271)	(45,248)	(6,555)	(27,754)	(22,755)	(205,972)
Net assets	6,498	12,236	78,815	104,577	18,787	17,043	15,623	10,306	263,885
Group's share of net assets of associates	1,949	3,671	38,620	41,831	5,636	8,518	5,308	1,644	107,177
Unrealised profit in the Group	-	-	(184)	(1,442)	(607)	(57)	(49)	-	(2,339)
Impairment	-	-	-	-	-	(6,556)	-	-	(6,556)
Other movements	-	(50)	-	-	-	42	-	(1,034)	(1,042)
Goodwill	-	-	68	-	-	-	-	4,438	4,506
Share in accumulated unrecognised losses	-	-	-	-	-	-	-	-	-
Carrying value of investments in associates	1,949	3,621	38,504	40,389	5,029	1,947	5,259	5,048	101,746

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21. Investments in Associates (Continued)

Summarised financial information for the first half of 2017 in respect of each of the Group's material associates is set out below.

<i>In millions of Kazakhstanian Tenge</i>	JV Betpak Data LLP	Kyzylkum LLP	JV KATKO LLP	JV Inkai LLP	JV South Mining Chemical Company LLP	JV Zarechnoe JSC	JV Khorasan- ULLP	Other	Total
Total revenue	-	8,535	32,222	9,140	17,514	4,866	13,070	10,016	95,363
Depreciation and amortisation	-	(324)	(6,988)	(2,134)	(2,744)	(969)	(1,973)	(946)	(16,078)
Finance income	11	508	54	54	65	23	66	38	819
Finance costs	-	(788)	(956)	(89)	(84)	(30)	(58)	(564)	(2,569)
Foreign exchange gain / (loss)	-	203	(774)	-	(43)	29	(77)	149	(513)
(Impairment) / reversal of impairment	-	-	(65)	-	18	10	(198)	-	(235)
Income tax expense	(8)	(905)	(2,621)	(823)	(1,522)	310	(28)	(282)	(5,879)
Profit / (loss) for the period	(1,190)	4,049	9,589	3,169	7,148	1,089	786	1,265	25,905
Total comprehensive income / (loss)	(1,190)	4,049	9,589	3,169	7,148	1,089	786	1,265	25,905
Other	-	6	71	295	34	550	260	-	1,216
Dividends accrued	-	-	10,834	-	9,023	1,089	-	298	21,244

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22. 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 2018	74,818
Additions	790
Share of results of joint ventures	(1,905)
Contributions to capital	1,300
Effect of translation to presentation currency	(995)
Disposal (Note 37)	(32,523)
Other	(245)
Carrying value at 30 June 2018 (unaudited)	41,240

The Group has the following investments in joint ventures:

	Country of incorporation	Principal activity	30 June 2018 (unaudited)		31 December 2017	
			% ownership interest held	In millions of Kazakhstani Tenge	% ownership interest held	In millions of Kazakhstani Tenge
TsOU JSC	Russia	Production of advanced uranium products	50.00%	13,422	50.00%	16,787
Semizbay-U LLP	Kazakhstan	Extraction, processing and export of uranium products	51.00%	9,891	51.00%	10,037
JV Akbastau JSC	Kazakhstan	Extraction, processing and export of uranium products	-	-	50.00%	17,887
Karatau LLP	Kazakhstan	Extraction, processing and export of uranium products	-	-	50.00%	14,637
JV Budenovskoe LLP	Kazakhstan	Extraction, processing and export of uranium products	51.00%	5,508	51%	5,719
Ulba TVS LLP	Kazakhstan	Construction of fuel assembly units plant and production, marketing and sale of fuel assembly units	51.00%	6,387	51.00%	5,287
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	75.44%	3,824	58.90%	2,818
SKZ-U LLP	Kazakhstan	Production of sulphuric acid	49.00%	2,187	49.00%	1,625
JV UKR TVS CJSC	Ukraine	Production of nuclear fuel	33.33%	21	33.33%	21
Total investments in joint ventures				41,240		74,818

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22. Investments in Joint Ventures (Continued)

Summarised financial information as of 30 June 2018 and 31 December 2017 in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

In millions of Kazakhstani Tenge	Karatau LLP		Akbastau JSC		Semizbay-U LLP		TsOU JSC		Budenovskoye LLP		Other		Total	
	2018 r.	2017 r.	2018 r.	2017 r.	2018 r.	2017 r.	2018 r.	2017 r.	2018 r.	2017 r.	2018 r.	2017 r.	2018 r.	2017 r.
Current assets	-	14,306	-	18,326	12,421	11,921	8,259	13,179	2,061	3,992	15,132	14,174	37,873	75,898
Including cash	-	743	-	3,027	3,243	177	584	12,239	2,053	3,987	6,040	3,312	11,920	23,485
Non-current assets	-	26,108	-	21,503	15,648	15,104	124,322	124,690	14,542	13,094	34,343	33,131	188,855	233,830
Total assets	-	40,414	-	39,829	28,069	27,025	132,581	137,869	16,603	17,086	49,475	47,305	226,728	309,528
Current liabilities	-	(9,132)	-	(2,199)	(12,930)	(12,088)	(22,484)	(23,381)	(272)	(360)	(7,627)	(7,237)	(43,313)	(54,397)
Including financial liabilities net of trade and other accounts payable and provisions	-	(4,470)	-	-	(10,547)	(9,497)	(5,746)	(6,050)	-	-	(4,750)	(4,590)	(21,043)	(24,607)
Non-current liabilities	-	(829)	-	(1,156)	(3,371)	(2,883)	(83,253)	(80,914)	(20)	-	(18,190)	(19,936)	(104,834)	(105,718)
Including financial liabilities net of trade and other accounts payable and provisions	-	-	-	-	(50)	(47)	(83,253)	(80,914)	-	-	(18,180)	(19,926)	(101,483)	(100,887)
Total liabilities	-	(9,961)	-	(3,355)	(16,301)	(14,971)	(105,737)	(104,295)	(292)	(360)	(25,817)	(27,173)	(148,147)	(160,115)
Net assets	-	30,453	-	36,474	11,768	12,054	26,844	33,574	16,311	16,726	23,658	20,132	78,581	149,413
Group's share of net assets of joint ventures	-	15,227	-	18,237	6,002	6,147	13,422	16,787	8,319	8,530	13,633	10,713	41,376	75,641
Share in accumulated unrecognised losses	-	-	-	-	-	-	-	-	(2,811)	(2,811)	183	435	(2,628)	(2,376)
Goodwill	-	-	-	-	4,105	4,105	-	-	-	-	(1,397)	(1,397)	2,708	2,708
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrealised profit in the Group	-	(590)	-	(350)	(216)	(215)	-	-	-	-	-	-	(216)	(1,155)
Carrying value of investments in joint ventures	-	14,637	-	17,887	9,891	10,037	13,422	16,787	5,508	5,719	12,419	9,751	41,240	74,818

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22. Investments in Joint Ventures (Continued)

Summarised financial information for the first half of 2018 and 2017 in respect of each of the Group's material associates is set out below.

In millions of Kazakhstani Tenge	Karatau LLP		Akbastau JSC		Semizbay-U LLP		TsOU JSC		Budenovskoye LLP		Other		Total	
	2018 r.	2017 r.	2018 r.	2017 r.	2018 r.	2017 r.	2018 r.	2017 r.	2018 r.	2017 r.	2018 r.	2017 r.	2018 r.	2017 r.
Total revenue	-	21,965	-	17,293	9,545	9,809	18,743	31,375	-	7,377	8,427	35,665	88,869	
Depreciation and amortisation	-	(2,256)	-	(1,880)	(1,575)	(2,651)	(1)	(2)	-	(584)	(607)	(2,160)	(7,396)	
Finance income	-	46	-	462	37	30	81	83	13	126	102	257	730	
Finance costs	-	(36)	-	(45)	(417)	(383)	(2,273)	(2,333)	(6)	(306)	(321)	(3,002)	(3,151)	
Foreign exchange gain / (loss)	-	(171)	-	(339)	(396)	260	(7,460)	2,366	32	(572)	937	(8,396)	3,053	
(Impairment) / reversal of impairment	-	-	-	-	(939)	122	-	-	-	34	15	(905)	137	
Income tax expense	-	(2,822)	-	(2,048)	(44)	(67)	1,447	(1,090)	(21)	(436)	(815)	946	(6,842)	
Profit / (loss) for the period	-	9,886	-	8,416	(206)	853	(4,740)	4,361	(162)	1,273	2,368	(3,835)	25,839	
Comprehensive income / (loss)	-	9,886	-	8,416	(206)	853	(4,740)	4,361	(162)	1,273	2,368	(3,835)	25,839	
Other	-	(315)	-	889	-	164	-	-	-	(13)	-	(13)	738	
Dividends accrued	-	11,861	-	10,766	-	315	-	-	-	-	-	-	22,942	

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23. Other Investments

<i>In millions of Kazakhstani Tenge</i>	30 June 2018 (unaudited)	31 December 2017
EAL (Energy Asia Limited BVI)	2,362	91
Baiken-U LLP	1,409	1,022
Other	640	613
Total other investments	4,411	1,726

Investments in EAL and Baiken-U LLP represent 9.95% and 5% interest in equity of the investees, respectively. Fair value of the Group's investments was determined on the basis of independent valuation.

24. Loans to Related Parties

<i>In millions of Kazakhstani Tenge</i>	30 June 2018 (unaudited)	31 December 2017
Kyzylkum LLP		
- non-current portion	13,091	20,302
- current portion	8,119	-
Total loans to related parties	21,210	20,302

The weighted average annual interest rate on loans to related parties in the six months ended 30 June 2018 was 8.5%.

25. Current Accounts Receivable

<i>In millions of Kazakhstani Tenge</i>	30 June 2018 (unaudited)	31 December 2017
Trade accounts receivable	70,271	53,217
Trade accounts receivable from related parties	4,339	5,997
Total gross trade accounts receivable	74,610	59,214
Provision for impairment of receivables	(924)	(1,246)
Provision for impairment of receivables from related parties	(52)	(52)
Total net trade accounts receivable	73,634	57,916
Other accounts receivable	548	595
Other accounts receivable from related parties	3	7
Total gross other accounts receivable	551	602
Provision for impairment of other accounts receivable	(433)	(433)
Total net other accounts receivable	118	169
Total current accounts receivable	73,752	58,085

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26. Inventories

<i>In millions of Kazakhstani Tenge</i>	30 June 2018 (unaudited)	31 December 2017
Finished goods and goods for resale	174,525	140,533
Work-in-process	15,999	17,563
Raw materials	12,695	14,520
Materials in process	1,573	762
Fuel	1,170	889
Spare parts	778	819
Other materials	5,559	2,842
Provision for obsolescence and write-down to net realisable value	(9,381)	(8,253)
Total inventories	202,918	169,675

27. Cash and Cash Equivalents

<i>In millions of Kazakhstani Tenge</i>	30 June 2018 (unaudited)	31 December 2017
Current bank accounts	96,099	234,845
Demand deposits	4,389	5,053
Cash in hand	90	38
Provision for impairment of cash and cash equivalents	(36)	-
Total cash and cash equivalents	100,542	239,936

28. Other Assets

<i>In millions of Kazakhstani Tenge</i>	30 June 2018 (unaudited)	31 December 2017
Non-current		
Advances for non-current assets	12,575	10,430
Long-term inventories	6,643	7,349
Restricted cash	4,324	4,377
Loans to employees	984	898
Prepaid expenses	673	674
Advances to related parties	411	397
Total other non-current assets	25,610	24,125
Current		
Dividends receivable from related parties	14,155	13,707
Advances for goods and services	6,741	2,813
Advances to related parties for goods and services	678	396
Due from employees	454	414
Prepaid expenses	807	355
Prepaid insurance	327	162
Prepaid taxes other than income tax	235	291
Restricted cash	429	242
Other	26	16
Total other current assets	23,852	18,396

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29. Share Capital

All issued ordinary shares of the Company are owned by Samruk-Kazyna (Note 1), which solely and ultimately decides on dividend distribution. Each ordinary share carries one vote. On 22 February 2017, the National Bank registered an increase in the Company's common shares by 265,983 shares. At 30 June 2018, the total number of authorised and paid 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 2018	-
Dividends declared during the period	135,012
Dividends paid during the period	(45,019)
Dividends payable at 30 June 2018 (unaudited)	89,993
Dividends per share declared during the period, in Tenge	3,644

30. Borrowings

<i>In millions of Kazakhstani Tenge</i>	30 June 2018 (unaudited)	31 December 2017
Non-current		
Bank loans	-	38,557
Non-bank loans	369	353
Non-current borrowings	369	38,910
Current		
Bank loans	54,007	82,374
Non-bank loans	36,202	-
Total current borrowings	90,209	82,374

On 19 January 2015, the Group signed an agreement for an 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. Information about the Group's loans and borrowings is presented as follows:

<i>In millions of Kazakhstani Tenge</i>	
At 1 January 2018	121,284
Proceeds from borrowings	32,142
Additions from business combinations	41,190
Repayment of borrowings	(67,931)
Transfers to disposal groups	(39,170)
Interest accrued	3,051
Interest paid	(2,971)
Foreign currency translation	2,634
Other	349
At 30 June 2018 (unaudited)	90,578

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31. Accounts Payable

<i>In millions of Kazakhstani Tenge</i>	30 June 2018 (unaudited)	31 December 2017
Non-current		
Trade accounts payable	587	573
<i>Total financial non-current accounts payable</i>	<i>587</i>	<i>573</i>
Other accounts payable	1	9
Total financial non-current accounts payable	588	582
Current		
Trade accounts payable to related parties	37,720	83,712
Trade accounts payable	14,840	24,979
<i>Total financial current accounts payable</i>	<i>52,560</i>	<i>108,691</i>
Other accounts payable to related parties	1	-
Other accounts payable	1,092	3,951
Total current accounts payable	53,653	112,642

32. Provisions

<i>In millions of Kazakhstani Tenge</i>	Compensation for occupa- tional diseases	Environment protection	Site restoration	Other	Total
At 1 January 2018					
Non-current	254	2,460	19,939	35	22,688
Current	93	96	-	-	189
Total	347	2,556	19,939	35	22,877
Provision for the period	-	-	-	1	1
Additions from business combinations	-	-	2,273	-	2,273
Unwinding of discount	16	96	952	1	1,065
Transfer to disposal groups	-	-	(320)	-	(320)
Provision used	(46)	-	(233)	-	(279)
Change in estimates	-	-	2,107	-	2,107
At 30 June 2018 (unaudited)					
Non-current	270	2,556	24,718	37	27,581
Current	47	96	-	-	143
Total	317	2,652	24,718	37	27,724

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33. Other Liabilities

<i>In millions of Kazakhstani Tenge</i>	30 June 2018 (unaudited)	31 December 2017
Non-current		
Advances received	3,260	3,261
Historical costs liabilities	1,652	1,749
Deferred income	766	856
Preferred shares	265	265
Advances received from related parties	20	1,450
Issued financial guarantees	89	96
Other liabilities	29	34
Total non-current other liabilities	6,081	7,711
Current		
Dividends payable to related parties (Note 29)	89,993	-
Liability under joint operations	6,747	-
Accrued unused vacation payments and bonuses	3,931	4,460
Wages and salaries payable	2,025	2,620
Advances received	727	2,120
Historical costs liabilities	579	818
Social contributions payable	456	963
Advances received from related parties	256	2,654
Dividends payable to other parties	252	253
Deferred income	77	102
Other	539	359
Total current other liabilities	105,582	14,349

34. Contingencies and Commitments

Except for items disclosed below, as of 30 June 2018, 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 2017.

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 condensed interim 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 performed a number of complex 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 claimed. Most of these tax claims 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, status and impact on the financial statements were disclosed in the consolidated financial statements for the years ended 31 December 2017 and 2016. During six months period ended 30 June 2018, there were no significant changes in the open tax disputes, which could have significant adverse impact on the Group's financial statements.

34. Contingencies and Commitments (Continued)

Guarantees

The maximum exposure to credit risk under financial guarantees, provided to secure financing of certain related parties, at 30 June 2018 is Tenge 13,746 million (31 December 2017: Tenge 14,732 million).

Significant planned transactions

Corporate claims

In 2006, JSC NAC Kazatomprom sold 95% and 40% of interest in Baiken-U LLP (Note 23) and Kyzylkum LLP (Note 21). The Group is currently in the process of negotiations with the Japanese partners to restore the Group's interests in Baiken-U LLP, JV Khorasan-U LLP and Kyzylkum LLP. These condensed interim consolidated financial statements do not provide full disclosure of the matter including potential contingencies that have confidential nature. Disclosure of such information may seriously prejudice the position of the Group in negotiation process with the involved parties. Management believes that the Group does not have any material liabilities or contingent liabilities related to this matter.

On 3 September 2018, JSC NAC Kazatomprom, PSIL, Marubeni Corporation, Energy Asia Holdings Ltd (EAHL) and Energy Asia (BVI) Limited (EAL) signed a settlement deed agreement. According to the agreement, upon the satisfaction of conditions precedents, each of the parties automatically and without need of any further action by any party, discharge in full any and all claims, which they may have against each and any their respective associates. The agreement also envisages increases in (recovery of) the Group's underlying interests in JV Khorasan-U LLP, Baiken-U LLP and Kyzylkum LLP.

Sales contract with Yellow Cake plc

On 10 May 2018, the Group and Yellow Cake plc signed a framework agreement relating to the sale and purchase of U3O8, including the initial delivery of 3,100 tons in July 2018 and an option to purchase additional quantities in each of the delivery years 2019 through 2027, inclusive. The Group has an option to purchase from Yellow Cake plc certain repurchase quantity of U3O8 when the uranium spot price exceeds certain threshold (above USD 37.5 per pound of U3O8).

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35. IFRS 9 Financial Instruments – Impact of adoption

The effect of IFRS 9 adoption is presented below:

<i>In millions of Kazakhstani Tenge</i>	31 December 2017	IFRS 9	1 January 2018 restated
Other investments	1,726	2,701	4,427
Accounts receivable	58,085	(394)	57,691
Term deposits	8,472	(109)	8,363
Cash and cash equivalents	239,936	(201)	239,735
Other lines		(1,206)	
Total effect on net assets		791	
Reserves	-	2,701	2,701
Retained earnings	586,998	(1,910)	585,088
Total effect on equity		791	

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The effect of IFRS 9 adoption on other investments is due to valuation of investments in EAL and Baiken-U LLP (Note 23) by an independent appraiser, that were previously accounted for at cost.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

In millions of Kazakhstani Tenge

Retained earnings at 31 December 2017 – IFRS 39	586,998
Increase in provision for trade receivables	(394)
Increase in provision for guarantees obligations	(541)
Increase in provision for instruments at amortised cost	(975)
Retained earnings at 1 January 2018 – IFRS 9	585,088

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36. Principal Subsidiaries

These condensed interim consolidated financial statements include the following subsidiaries:

	Principal activity	Ownership/voting	
		30 June 2018	31 December 2017
MAEK-Kazatomprom LLP (Note 38)	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	Social services, construction and management of social services facilities in subsurface use areas	90%	90%
KAP-Technology JSC	Communication services	100%	100%
Korgan Kazatomprom LLP	Security services	100%	100%
Appak LLP	Exploration, production, processing and sale of uranium products	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%
SARECO LLP	Ore enrichment, hydro-metallurgical production of rare metals concentrates, chemical production of rare metals	100%	100%
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%
DP Ortalyk LLP	Exploration, production, processing and sale of uranium products	100%	100%
RU-6 LLP	Exploration, production and preliminary processing of uranium ore	100%	100%
Kazatomprom-SaUran LLP	Exploration, production and preliminary processing of uranium ore	100%	100%
Geotechnoservice LLP	Development of mining works plans, mining projects, geophysical research	-	100%
Trade and Transportation Company LLP	Procurement and transportation services	99.9999%	99.9998%
Kazakhstan Nuclear Electric Stations JSC	Implementation of projects on construction of nuclear electric stations and their operation	-	100%
Kazakatom TH AG	Marketing function for sale of uranium, investment and administration of finances, goods and rights	100%	100%
JV Inkai LLP	Exploration, production, processing and sale of uranium products	60%	-

37. Business Combinations

Net result from business combinations is as follows:

In millions of Kazakhstani Tenge

JV Inkai LLP	
Fair value of the investment in associate prior to the acquisition	77,850
Less: carrying value of the investment in associate	(40,389)
Transfer of foreign currency translation reserve	21,174
Negative goodwill arising from the acquisition	37,283
JV Akbastau JSC and Karatau LLP	
Negative goodwill arising from the acquisition	940
Net result from business combinations	96,858

JV Inkai LLP

In December 2017, the Group and Cameco completed the deal on restructuring of JV Inkai LLP. In accordance with the terms of the sales agreement, the Group increased its interest in JV Inkai LLP from 40% to 60% and from 1 January 2018 obtained control over the investee (Note 21).

The Group obtained control through its ability to cast a majority of votes in the general meeting of shareholders and the supervisory board when making decisions over the relevant activities of the investee. The subsidiary will increase the Group's share on the market of uranium production and is expected to improve the profitability of operations through increased production and sales.

The acquisition-date fair value of the total purchase consideration and its components are as follows:

In millions of Kazakhstani Tenge

Cash consideration paid	11
Liabilities from pre-existing relationships	(21,271)
Total consideration transferred	(21,260)
Fair value of the investment in associate prior to the acquisition	77,850
Total purchase consideration and fair value of previously held interest in the acquiree	56,590

The consideration transferred by the Group is based on the book value of the share in the charter capital. The Group facilitated the signing of the addendum to the subsoil use contract with the competent authority allowing extension of the contract period and increase in annual production volume.

The difference between the consideration transferred and the net fair value of the acquiree's identifiable assets, and liabilities assumed and contingent liabilities led to recognition of 'negative goodwill', as presented in the table below, which is recognised immediately in profit or loss for the period less deferred tax (as 'excess of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination').

37. Business Combinations (Continued)

Details of the assets and liabilities acquired and negative goodwill arising as of 1 January 2018 are as follows:

<i>In millions of Kazakhstani Tenge</i>	Fair value
Cash and cash equivalents	1,036
Accounts receivable	19,063
Inventories	5,579
Prepaid income tax	2,313
Mineral rights	159,934
Property, plant and equipment	32,671
Mine development assets	43,582
Other assets	4,830
Borrowings	(38,955)
Accounts payable	(4,596)
Deferred tax liabilities	(32,162)
Other liabilities	(1,390)
Fair value of identifiable net assets acquired (before elimination of intra-group balances)	191,905
Less: elimination of intra-group balances	(21,271)
Fair value of identifiable net assets acquired	170,634
Less: non-controlling interest	(76,761)
Less: negative goodwill arising from the acquisition	(37,283)
Total purchase consideration and previously held interest in the acquiree	56,590

The valuation of identifiable assets and liabilities was performed by an independent professional appraiser.

Based on the valuation the assets value increased by Tenge 109,160 million, mainly due to valuation of the subsoil use (mineral) right, as a result of which the carrying value increased from Tenge 6,185 million to Tenge 159,934 million. The value of property, plant and equipment and mine preparation works decreased by Tenge 27,151 million and Tenge 15,485 million, respectively.

The non-controlling interest represents a share in the net assets of the acquiree attributable to owners of the non-controlling interest. The non-controlling interest was determined based on proportionate share of the acquiree's net assets' fair value.

The deferred tax in the amount of KZT 21,832 million was calculated on the excess of the fair value over the carrying value.

As of 1 January 2018, the Group had payable to JV Inkai LLP in the amount of Tenge 18,846 million under uranium purchase agreement, advances received in the amount of Tenge 524 million, long-term advances received for the road use right in the amount of Tenge 2,701 million, and receivables in the amount of Tenge 800 million under supply contracts.

The acquired subsidiary contributed revenue of Tenge 13,986 million and profit of Tenge 2,638 million to the Group for the period from 1 January 2018 to 30 June 2018.

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37. Business Combinations (Continued)

Karatau LLP, JV Akbastau JSC

The Group and Uranium One Inc hold 50% interest each in Karatau LLP and JV Akbastau JSC. In 2018, the Group and Uranium One Inc signed a number of agreements that formalised their obligation to purchase all production of the investees at equitable terms, as well as to provide financing to the joint arrangement in proportion to their shares. Both parties have direct rights to the assets and obligations for the liabilities of the investees, accordingly starting from 2018 the entities have been classified as joint operations. The Group recognised its direct right in joint assets, liabilities, income and expenses in proportion to 50% ownership interest, these items are consolidated in the Group's financial statements on line by line basis. Until 2018, investments in Karatau LLP (50% interest) and JV Akbastau JSC (50% interest) were accounted for using equity method.

Transfer of Karatau LLP and JV Akbastau JSC from classification as joint venture to joint operations was accounted for as a business combination. Accordingly, acquired assets and liabilities are recognised using the acquisition method under IFRS 3.

Financial information on joint operations and impact on the consolidated financial statements of the Group are as follows:

<i>In millions of Kazakhstani Tenge</i>	30 June 2018					
	JV Akbastau JSC	Karatau LLP	Total	50% share	Adj.-s	Consol.-ed
Current assets	16,638	17,918	34,556	17,278	(1,931)	15,347
Non-current assets	22,080	25,776	47,856	23,928	-	23,928
Current liabilities	(9,816)	(25,402)	(35,218)	(17,609)	7,758	(9,851)
Non-current liabilities	(2,054)	(1,786)	(3,840)	(1,920)	-	(1,920)
Net assets	26,848	16,506	43,354	21,677	5,827	27,504
Revenue	10,967	11,329	22,296	11,148	(11,148)	-
Cost of sales	(3,949)	(4,634)	(8,583)	(4,292)	4,292	-
Other income and (expenses)	(1,163)	(457)	(1,620)	(809)	-	(809)
Profit for the period	5,855	6,238	12,093	6,047	(6,856)	(809)

The acquisition-date fair value of the total purchase consideration and its components are as follows:

<i>In millions of Kazakhstani Tenge</i>	
Cash consideration paid	-
Liabilities from pre-existing relationships	(8,538)
Total consideration transferred	(8,538)
Investments in the joint ventures prior to the acquisition	32,523
Total purchase consideration and previously held interest in the joint ventures	23,985

The Group is currently assessing the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed in the acquisition of the entity under IFRS 3 Business Combinations. The valuation is being performed by an independent professional appraiser and has not been completed as of the date of these financial statements.

37. Business Combinations (Continued)

The difference between the consideration transferred and the net fair value of the acquiree's identifiable assets, and liabilities assumed and contingent liabilities led to recognition of 'negative goodwill', as presented in the table below, which is recognised immediately in profit or loss for the period less deferred tax (as 'excess of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination').

As at the date of financial statements, no information on fair values was available, presented below is the information on the acquired assets, liabilities assumed (proportionate 50% share) and arising negative goodwill based on the carrying (provisional) values:

<i>In millions of Kazakhstani Tenge</i>	Carrying value
Cash and cash equivalents	1,885
Accounts receivable	10,901
Inventories	2,922
Mineral rights	156
Property, plant and equipment	9,773
Mine development assets	12,407
Other assets	2,078
Borrowings	(2,235)
Accounts payable	(2,867)
Other liabilities	(1,557)
Carrying value of identifiable net assets acquired (before elimination of intra-group balances)	33,463
Less: elimination of intra-group balances	(8,538)
Carrying value of identifiable net assets acquired	24,925
Negative goodwill arising from the acquisition	(940)
Total purchase consideration and previously held interest in the joint ventures	23,985

38. Discontinued Operations

On 25 June 2018, the Group signed an agreement with Samruk-Kazyna for sale of 100% interest in MAEK-Kazatomprom LLP. On 3 July 2018, the government consent was signed. As of 30 June 2018 all assets and liabilities of MAEK-Kazatomprom LLP were included into the disposal group. Since the operations of MAEK-Kazatomprom LLP represent a separate major line of business, this disposal group is presented in these condensed interim consolidated financial statements as a discontinued operation. The consolidated statement of profit or loss and other comprehensive income for the comparative period was restated accordingly (Note 3).

The selling price for 100% interest in MAEK-Kazatomprom LLP is Tenge 17,853 million. In accordance with the sales and purchase agreement the Group is responsible for risks and liabilities related to the financial, environmental and other activities of MAEK-Kazatomprom LLP prior to the transfer of ownership, however the Group is not liable for any risks and liabilities, directly or indirectly associated with the BN-350 reactor. Currently, the Group and the Shareholder are considering the possibility of transfer of 100% interest in MAEK-Kazatomprom LLP under trust management to the Group.

An analysis of the result and cash flows of discontinued operation for the six months ended 30 June 2018 and 2017 is as follows:

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38. Discontinued Operations (Continued)

<i>In millions of Kazakhstani Tenge</i>	Six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Revenue	31,799	29,775
Expenses	(30,329)	(27,642)
Profit before tax	1,470	2,133
Income tax expense	(367)	(46)
Profit from discontinued operation	1,103	2,087
Cash flows from operating activities	(532)	1,904
Cash flows from investing activities	(509)	(320)
Cash flows from financing activities	(772)	(475)
Effect of exchange rate fluctuations on cash and cash equivalents	(16)	-
Net (decrease)/increase in cash and cash equivalents	(1,829)	1,109
Earnings per share from discontinued operation	29.8	56

According to the valuation performed by an independent appraiser the selling price of MAEK-Kazatomprom LLP approximates the carrying amount of net assets (at the date of valuation).

The carrying amount of assets and liabilities as of 30 June 2018:

<i>In millions of Kazakhstani Tenge</i>	30 June 2018
Property, plant and equipment	25,566
Current accounts receivable	4,725
Inventories	2,243
Other assets	1,469
Total assets	34,003
Accounts payable	(4,809)
Other liabilities	(7,332)
Borrowings	(4,365)
Total liabilities	(16,506)
Net assets	17,497

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39. Assets Classified as Held for Sale

The assets classified as held for sale include MAEK-Kazatomprom LLP (sold to Samruk-Kazyna in July 2018, Note 38), Kyzyltu LLP (classified as held for sale as of 31 December 2017), and KazPV project entities: Astana Solar LLP, Kazakhstan Solar Silicon LLP, MK KazSilicon LLP (at the stage of sale to a competitive environment):

<i>In millions of Kazakhstani Tenge</i>	Kyzyltu LLP	KazPV	MAEK-Kazatomprom LLP	Other assets	Total
Mineral rights	2,193	2	-	-	2,195
Property, plant and equipment	556	970	25,566	-	27,092
Other non-current assets	169	4	601	30	804
Total non-current assets	2,918	976	26,167	30	30,091
Cash and cash equivalents	2	100	591	-	693
Accounts receivable	494	89	4,725	-	5,308
Inventories	153	943	2,243	-	3,339
Other current assets	113	341	277	-	731
Total current assets	762	1,473	7,836	-	10,071
Total assets of disposal groups classified as held for sale as of 30 June 2018	3,680	2,449	34,003	30	40,162
Borrowings	-	(34,805)	(4,365)	-	(39,170)
Accounts payable	(2,032)	(199)	(4,809)	-	(7,040)
Deferred tax liabilities	-	-	(1,124)	-	(1,124)
Other current liabilities	(881)	(311)	(4,476)	-	(5,668)
Other non-current liabilities	(69)	(297)	(513)	-	(879)
Total liabilities of disposal groups classified as held for sale as of 30 June 2018	(2,982)	(35,612)	(15,287)	-	(53,881)
Net assets / (liabilities)	698	(33,163)	18,716	30	(13,719)

40. Segment Information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Management Board of the Group headed by CEO.

40. Segment Information (Continued)

(a) Description of products and services from which each reportable segment derives its revenue

The Group is a vertically integrated business involved in the production chain of end products – from geological exploration, mining of uranium and nuclear fuel production, to marketing and auxiliary services (transportation and logistics, procurement, research and other). The Group is organised on the basis of three main business segments:

- Uranium – uranium mining and processing from the Group's mines, purchases of uranium from joint ventures and associates, external sales and marketing of produced and purchased uranium. Uranium segment includes the Group's share in net results of joint ventures and associates engaged in uranium production, as well as the Group's HQ (JSC NAC Kazatomprom);
- Energy – production and sales of electricity, heating power, industrial, drinking and hot water in Mangistau region. Energy segment sales are made to external parties only. Energy segment comprises results and operations of MAEK-Kazatomprom LLP (Note 38);
- UMP (Ulba Metallurgical Plant JSC) – production and sales of products containing beryllium, tantalum and niobium, hydrofluoric acid and by-products, processing of uranium on tolling basis for the Group's uranium entities and production and marketing of uranium powders and tablets to external market.

The revenues and expenses of some of the Group's subsidiaries, which primarily provide services to uranium segment (drilling, transportation, security, geological, etc.), are not allocated to the results of this operating segment. These Group's businesses are not included within reportable operating segments as their financial results do not meet the quantitative threshold. The results of these and other minor operations are included in "Other" caption.

(b) Factors that management used to identify the reportable segments

The Group's segments are strategic business units that focus on different customers. They are managed separately because of the differences in the production processes, the nature of products produced and required marketing and investment strategies.

Segment financial information reviewed by the CODM includes:

- information about income and expenses by business units (segments) based on IFRS figures on a quarterly basis;
- assets and liabilities as well as capital expenditures by segment on a quarterly basis;
- operating data (such as production and inventory volumes) and revenue data (such as sales volumes per type of product, average sales price) are also reviewed by the CODM on a monthly and quarterly basis.

(c) Measurement of operating segment profit or loss, assets and liabilities

The CODM evaluates performance of each segment based on gross and net profit. Segment financial information is prepared on the basis of IFRS financial information and measured in a manner consistent with that in these consolidated financial statements.

Revenues from other segments include transfers of raw materials, goods and services from one segment to another, amount is determined based on market prices for similar goods.

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40. Segment Information (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the 6 months ended 30 June 2018 and 30 June 2017 is set out below:

In millions of Kazakhstani Tenge	Uranium		UMP		Other		Eliminations		Total	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
External revenue *	112,084	120,240	17,331	13,909	15,614	19,039	-	-	145,029	153,188
Revenues from other segments	184	263	1,795	1,957	21,422	19,815	(23,401)	(22,035)	-	-
Cost of sales	(79,469)	(96,284)	(14,410)	(13,073)	(35,207)	(36,031)	22,547	24,464	(106,539)	(120,924)
Gross profit	32,799	24,219	4,716	2,793	1,829	2,823	(854)	2,429	38,490	32,264
Impairment losses, net of impairment reversals	(3,112)	(3,341)	(353)	(83)	(363)	(627)	342	31	(3,486)	(4,020)
Net result from business combinations	96,858	-	-	-	-	-	-	-	96,858	-
Share of results of associates and joint ventures	6,594	21,297	(111)	(31)	(1,440)	4,015	-	-	5,043	25,281
Net foreign exchange gain/(loss)	1,266	452	241	(621)	(219)	(962)	8	(11)	1,296	(1,142)
Finance income	3,078	3,655	103	181	208	78	(751)	(1,485)	2,638	2,429
Finance costs	(4,063)	(5,679)	(133)	(149)	(1,236)	(1,254)	344	2,695	(5,088)	(4,387)
Income tax expense	(4,023)	(12,688)	(714)	(255)	(86)	(89)	-	-	(4,823)	(13,032)
Profit for the period from continuing operations	118,331	24,883	1,826	377	(4,481)	405	(1,759)	2,413	113,917	28,078
Capital expenditures	13,726	9,733	497	957	743	1,396	-	-	14,966	12,086
Depreciation and amortisation charge	(9,318)	(4,764)	(706)	(631)	(2,416)	(2,368)	151	227	(12,289)	(7,536)

* Revenue is recognised at a point in time (on a delivery date).

Capital expenditure represents additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefits assets and rights arising under insurance contracts.

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40. Segment Information (Continued)

Segment information for the reportable segments for the 6 months ended 30 June 2018 and 30 June 2017 is set out below (continued):

In millions of Kazakhstani Tenge	Uranium		Energy		UMP		Other		Eliminations		Total	
	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Investments in associates and joint ventures	72,415	144,978	-	2,818	6,386	5,287	24,670	23,481	-	-	103,471	176,564
Total reportable segment assets	892,342	742,378	-	38,585	74,234	72,738	99,316	105,262	(48,139)	(23,705)	1,017,753	935,258
Assets of disposal groups classified as held for sale							40,162	2,774				
Total assets											1,057,915	938,032
Total reportable segment liabilities	357,600	232,913	-	18,008	9,126	9,033	24,380	82,844	(63,546)	(47,285)	327,560	295,513
Liabilities of disposal groups classified as held for sale											53,881	1,343
Total liabilities											381,441	296,856

(e) Analysis of revenues by products and services

The Group's revenues are analysed by products and services in Note 7. Information about finance income and costs is disclosed in Note 14.

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40. Segment Information (Continued)

(f) Geographical information

All the Group's main assets are located in the Republic of Kazakhstan. Distribution of Group's sales between countries on the basis of the customer's country of domicile was as follows:

<i>In millions of Kazakhstani Tenge</i>	for the six months ended	
	30 June 2018 (unaudited)	30 June 2017 (unaudited)
China	38,183	76,680
Kazakhstan	32,947	20,071
India	28,011	16,468
France	20,523	16,542
USA	10,844	4,863
Japan	2,005	1,066
Germany	1,018	7,090
South Korea	398	3,457
Other countries	11,100	6,951
Total consolidated revenues	145,029	153,188

Major customers

The Group has a group of customers with common ultimate parent that accounts for more than 10% of the Group's consolidated revenue in the amount of Tenge 32,446 million for the six months ended 30 June 2018 (six months 2017: Tenge 73,415 million). This revenue is reported under Uranium segment.

41. Non-controlling Interest

The following table provides information about each significant subsidiary that has non-controlling interest that is material to the Group as of 30 June 2018:

Name	Country of incorporation and principal place of business	Ownership rights held by non-controlling interest	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest
Ulba Metallurgical Plant JSC	Kazakhstan	9.82%	190	6,563
Appak LLP	Kazakhstan	35%	(74)	6,923
Inkai LLP	Kazakhstan	40%	1,055	77,817
Total			1,171	91,303

The following table provides information about each significant subsidiary that has non-controlling interest that is material to the Group as of 31 December 2017:

Name	Country of incorporation and principal place of business	Ownership rights held by non-controlling interest	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest
Ulba Metallurgical Plant JSC	Kazakhstan	9.82%	155	6,369
Appak LLP	Kazakhstan	35%	620	7,121
Total			775	13,490

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41. Non-controlling Interest (Continued)

The summarised financial information of these subsidiaries as of 30 June 2018 and 31 December 2017 as well as for the period of six months, ended 30 June 2018 and 30 June 2017 is as follows:

<i>In millions of Kazakhstani Tenge</i>	Ulba Metallurgical Plant		Appak LLP		Inkai LLP	
	2018	2017	2018	2017	2018	2017
Current assets	39,817	38,798	12,834	16,200	26,043	-
Non-current assets	37,768	37,008	14,096	14,367	243,754	-
Current liabilities	(3,544)	(3,510)	(5,005)	(8,643)	(40,562)	-
Non-current liabilities	(5,582)	(5,523)	(2,172)	(1,579)	(34,663)	-
Equity, incl.	68,459	66,773	19,775	20,357	194,572	-
Equity attributable to the Group	61,896	60,404	12,852	13,236	116,755	-
Non-controlling interest	6,563	6,369	6,923	7,121	77,817	-

<i>In millions of Kazakhstani Tenge</i>	Six months ended					
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Revenue	19,126	15,865	4,878	5,686	13,986	-
Depreciation and amortisation	(706)	(631)	(679)	(1,064)	(2,712)	-
Finance income	103	181	95	149	19	-
Finance costs	(133)	(149)	(169)	(2,016)	(789)	-
Income tax expense	(714)	(255)	71	(853)	(717)	-
Net foreign exchange gain/(loss)	241	(621)	(185)	(17)	(788)	-
Impairment (loss)/reversal	(353)	(83)	22	-	-	-
Profit / (loss) for the period	2,149	556	(211)	635	2,638	-
Profit / (loss) attributable to the owners of the Company	1,959	516	(137)	413	1,583	-
Profit / (loss) attributable to non-controlling interest	190	40	(74)	222	1,055	-
Total comprehensive income / (loss) for the period	2,184	566	(211)	635	2,638	-
Net cash inflow / (outflow) from:						
- operating activities	2,835	(706)	(1,723)	(322)	8,685	-
- investing activities	(1,753)	1,256	(382)	(633)	(4,999)	-
- financing activities	-	-	156	-	(3,645)	-
Effect of exchange rate fluctuations on cash and cash equivalents	179	(548)	(19)	(81)	48	-
Net change in cash and cash equivalents	1,261	2	(1,968)	(1,036)	89	-