



## **SAMRUK-ENERGY JSC**

**Condensed Separate Interim Financial Statements (unaudited)**

**30 June 2020**

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## ***Report on Review of Condensed Separate Interim Financial Statements***

To the Shareholder and Board of Directors of JSC Samruk-Energy

### **Introduction**

We have reviewed the accompanying condensed separate interim statement of financial position of JSC Samruk-Energy (the "Company") as at 30 June 2020 and the related condensed separate interim statement of profit or loss and other comprehensive income for the three-month and six-month period then ended, condensed separate interim statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed separate interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed separate interim 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 statements 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 separate interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

*PricewaterhouseCoopers LLP*

12 August 2020  
Almaty, Kazakhstan

**SAMRUK ENERGY JSC**  
**Condensed Separate Interim Statement of Financial Position**

<i>In thousands of Kazakhstani Tenge</i>	Note	30 June 2020 (unaudited)	31 December 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		337,804	373,929
Intangible assets		751,345	763,873
Right-of-use asset		859,296	982,052
Investments in subsidiaries and joint ventures	6	541,571,110	541,364,649
Loans given	7	46,591,097	47,955,694
Other non-current assets	8	2,280,524	2,160,716
<b>Total non-current assets</b>		<b>592,391,176</b>	<b>593,600,913</b>
<b>Current assets</b>			
Inventories		35,126	36,431
Loans given	7	12,772,721	15,669,815
Other current assets	9	29,853,733	11,396,351
Cash and cash equivalents	10	1,925,940	1,298,005
<b>Total current assets</b>		<b>44,587,520</b>	<b>28,400,602</b>
<b>TOTAL ASSETS</b>		<b>636,978,696</b>	<b>622,001,515</b>
<b>EQUITY</b>			
Share capital	11	376,045,927	373,314,888
Other reserves		90,143,030	91,643,030
Accumulated deficit		(39,168,439)	(54,741,536)
<b>TOTAL EQUITY</b>		<b>427,020,518</b>	<b>410,216,382</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	12	149,093,552	183,760,143
Non-current lease liabilities		584,760	689,052
Other non-current financial liabilities		1,387,460	1,469,449
<b>Total non-current liabilities</b>		<b>151,065,772</b>	<b>185,918,644</b>
<b>Current liabilities</b>			
Borrowings	12	53,990,420	23,638,774
Lease liabilities		315,104	346,314
Other payables and accrued liabilities	13	4,196,840	1,414,783
Liabilities to the Shareholder	14	339,077	363,571
Other taxes payable		50,965	103,047
<b>Total current liabilities</b>		<b>58,892,406</b>	<b>25,866,489</b>
<b>TOTAL LIABILITIES</b>		<b>209,958,178</b>	<b>211,785,133</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>636,978,696</b>	<b>622,001,515</b>
Carrying amount of one ordinary share	24	76,095	73,094

Signed on behalf of the Management on 12 August 2020.

Bakitzhan T. Zhulamanov

Chairman of the Management Board

Saule B. Tulekova

Head of Accounting and Tax Department,  
Chief Accountant

The accompanying notes on pages 5 to 19 are an integral part of these condensed separate interim financial statements.

**SAMRUK ENERGY JSC**  
**Condensed Separate Interim Statement of Profit or Loss and Other Comprehensive Income**

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>6 months ended 30 June 2020 (unaudited)</b>	<b>6 months ended 30 June 2019 (unaudited)</b>	<b>3 months ended 30 June 2020 (unaudited)</b>	<b>3 months ended 30 June 2019 (unaudited)</b>
Dividend income	15	32,087,553	37,364,533	1,459,842	37,364,533
Other operating income and expense, net	16	(3,149,579)	(774,637)	(3,147,930)	(864,074)
General and administrative expenses	17	(2,431,838)	(2,876,681)	(1,128,312)	(1,507,281)
<b>Operating profit/(loss)</b>		<b>26,506,136</b>	<b>33,713,215</b>	<b>(2,816,400)</b>	<b>34,993,178</b>
Net gain on reversal of impairment of financial assets		49,652	548,299	64,895	396,318
Finance income	18	4,064,490	1,816,065	2,111,035	958,505
Finance costs	19	(11,946,845)	(11,247,061)	(5,966,976)	(5,883,527)
<b>Profit/(loss) before tax</b>		<b>18,673,433</b>	<b>24,830,518</b>	<b>(6,607,446)</b>	<b>30,464,474</b>
Income tax expense	20	(34,105)	(65,375)	(21,944)	(27,102)
<b>Profit/(loss) for the period</b>		<b>18,639,328</b>	<b>24,765,143</b>	<b>(6,629,390)</b>	<b>30,437,372</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>18,639,328</b>	<b>24,765,143</b>	<b>(6,629,390)</b>	<b>30,437,372</b>

The accompanying notes on pages 5 to 19 are an integral part of these condensed separate interim financial statements.

**SAMRUK ENERGY JSC**  
**Condensed Separate Interim Statement of Changes in Equity**

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>Share capital</b>	<b>Other reserves</b>	<b>Accumulated deficit</b>	<b>Total equity</b>
<b>Balance at 1 January 2019</b>		<b>373,314,888</b>	<b>91,643,564</b>	<b>(86,635,985)</b>	<b>378,322,467</b>
Profit for the period (unaudited)		-	-	33,935,449	<b>33,935,449</b>
Other comprehensive loss		-	(534)		<b>(534)</b>
Total comprehensive (loss)/income for the period (unaudited)		-	(534)	33,935,449	<b>33,934,915</b>
Dividends declared	11	-	-	(2,041,000)	<b>(2,041,000)</b>
<b>Balance at 1 January 2020</b>		<b>373,314,888</b>	<b>91,643,030</b>	<b>(54,741,536)</b>	<b>410,216,382</b>
Profit for the period (unaudited)		-	-	18,639,328	<b>18,639,328</b>
Total comprehensive income for the period (unaudited)		-	-	18,639,328	<b>18,639,328</b>
Capital contributions	11	2,731,039	(1,500,000)	-	<b>1,231,039</b>
Dividends declared	11	-	-	(3,066,231)	<b>(3,066,231)</b>
<b>Balance at 30 June 2020 (unaudited)</b>		<b>376,045,927</b>	<b>90,143,030</b>	<b>(39,168,439)</b>	<b>427,020,518</b>

The accompanying notes on pages 5 to 19 are an integral part of these condensed separate interim financial statements.

**SAMRUK ENERGY JSC**  
**Condensed Separate Interim Statement of Cash Flows**

<i>In thousands of Kazakhstani Tenge</i>	Note	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
Cash flows from operating activities :			
Profit before tax		18,673,433	24,830,518
Adjustments for:			
Dividend income	15	(32,087,553)	(37,364,533)
Depreciation and amortization		252,912	234,945
Finance costs	19	11,946,845	11,247,061
Finance income	18	(4,064,490)	(1,816,065)
Foreign exchange gain/(loss)		2,326	(58,651)
Net loss on impairment of assets		3,096,348	360,478
<b>Cash flows used in operating activities before working capital changes:</b>		<b>(2,180,179)</b>	<b>(2,566,248)</b>
Decrease in inventories		1,305	8,386
Decrease in trade receivables and other current assets		34,618	66,764
Decrease in other payables		(193,895)	(801,757)
Increase in other taxes payable		(63,155)	(39,900)
<b>Cash flows used in operating activities</b>		<b>(2,401,306)</b>	<b>(3,332,755)</b>
Income tax paid		(68,872)	(61,409)
Dividends received		13,827,832	17,383,486
Interest paid		(6,758,988)	(6,773,233)
<b>Net cash from operating activities</b>		<b>4,598,666</b>	<b>7,216,089</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(193,979)	(126,297)
Borrowings and financial aid provided to subsidiaries and jointly controlled entities		(4,601,000)	(11,292,936)
Acquisition of debt instruments of subsidiaries (bonds)		-	(47,000,000)
Contribution to equity of subsidiaries		(2,121,422)	(5,018,355)
Contribution to equity of an associate without an increase in equity stake		-	(200,000)
Withdrawal of bank deposits, net		-	75,594
Interest received		2,967,267	552,135
Proceeds from repayment of financial aid provided to subsidiaries and jointly controlled entities		9,182,537	23,341,000
Proceeds from repayment of financial instruments		24,590	19,415
Repayment of receivables - Tauba Invest LLP		193,601	514,141
Proceeds from sale of financial instruments		192,300	-
<b>Net cash from /(used in) investing activities</b>		<b>5,643,894</b>	<b>(39,135,303)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings		16,710,342	119,618,800
Repayment of borrowings		(23,781,118)	(36,483,755)
Repayment of loans from Samruk-Kazyna		(2,381,109)	(2,381,109)
Bonds redemption		-	(45,655,846)
Financial lease principal repayment		(135,502)	(145,293)
Dividends paid to the Shareholder		-	(2,041,000)
Payment of origination fee		-	(718,442)
Other payments		(30,557)	-
<b>Net cash used in/from financing activities</b>		<b>(9,617,944)</b>	<b>32,193,355</b>
Foreign exchange difference effect on cash and cash equivalents		3,450	1,688
Change in impairment allowance		(131)	(116)
<b>Net increase in cash and cash equivalents</b>		<b>627,935</b>	<b>275,713</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10</b>	<b>1,298,005</b>	<b>256,275</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>10</b>	<b>1,925,940</b>	<b>531,988</b>

The accompanying notes on pages 5 to 19 are an integral part of these condensed separate interim financial statements.

## **1 The Company and Its Operations**

Samruk-Energy JSC (the Company) was established on 18 April 2007 and registered on 10 May 2007. The Company is a joint stock company set up in accordance with legislation of the Republic of Kazakhstan.

The Company's sole shareholder is Samruk-Kazyna Sovereign Wealth Fund JSC ("Samruk-Kazyna"), which holds 100% shares of the Company. The Company's ultimate controlling party is the Government of the Republic of Kazakhstan.

### ***Principal activity***

The Company is a holding company (the "Company"), including a number of companies (Note 6), which is engaged in production of electricity, heat and hot water using coal, hydrocarbons, water resources and renewable energy sources ("RES"), sale to households and industrial enterprises, transmission of electricity and technical distribution of electricity within the network, and lease of hydro power plants' property.

Registered address and place of business of the Company: 15A Kabanbay Batyr Avenue, Nur-Sultan city, Republic of Kazakhstan.

### ***Operating lease***

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to fluctuations in prices on oil and gas prices and other commodities, which constitute a major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of the securities market. Ongoing political tension in the region, volatility of exchange rate have caused and may continue to cause a negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity and creation of difficulties in attracting of international financing.

On 12 March 2020 the COVID-19 outbreak was declared a global pandemic by World Health Organization (WHO). In response to the pandemic, the Kazakh authorities took multiple measures aimed at containment and mitigation of COVID-19 impacts, such as travel bans and restrictions, quarantine, restrictions on business activities, etc. These measures, among others, severely restrict business operations in Kazakhstan, and adversely impact businesses, market participants, the Company's customers, the national and international economy, and may continue to do so for an indefinite period of time. Management is taking necessary measures to ensure sustainability of the Company's operations and to support its customers and employees.

At the same time, on 9 March 2020 oil quotations plummeted in the light of the collapse of OPEC deal. The Brent price fell below USD 25 per barrel in March this year. COVID-19 pandemic is spreading worldwide, with severe adverse impacts on the entire global economy.

While this is still an evolving situation at the time of issuing these financial statements, it appears that no negative impact on the Company's operations has been observed, however, future impacts are difficult to predict. Management will continue monitoring the potential impact of the events above and take all necessary measures to prevent any negative effect on the business.

## **2 Basis of Preparation and Significant Accounting Policies**

### ***Basis of preparation***

These separate condensed interim financial statements for the six months ended 30 June 2020 were prepared in accordance with IAS 34 "Interim financial statements". These separate condensed interim financial statements are subject to disclosure together with the Company's separate financial statements for the year ended 31 December 2019 prepared in accordance with International Financial reporting Standards ("IFRS").

The adopted accounting policies are consistent with the policies of the previous financial year and the corresponding interim reporting period, except for the assessment of income tax and adoption of new and amended standards, as indicated below.

### ***Foreign currency translation***

As at 30 June 2020 the principal rate of exchange used for translating foreign currency balances was USD 1 = Tenge 403.83 (31 December 2019: USD 1 = Tenge 381.18) and RR 1 = Tenge 5.77 (31 December 2019: RR 1 = Tenge 6.17).



## **2 Basis of Preparation and Significant Accounting Policies (Continued)**

### ***Going concern***

Management has prepared these condensed separate interim financial statements on a going concern basis. Management decision is based on the financial position of the Company, its current intentions, profitability of operations and access to financial resources, and the Government support. As at 30 June 2020, current liabilities of the Company exceeded its current assets by Tenge 14,304,886 thousand.

The following factors were considered when assessing the ability of Samruk-Energy to continue its operations in the foreseeable future:

- The Company is of strategic importance for ensuring the reliability of Kazakhstan's energy system. Management and the shareholders of the Company have neither the intention nor the need to liquidate the Company.
- The Company's current liabilities of Tenge 46,792,767 thousand represent payables to its subsidiaries related to the attracted financial aid and services provided.
- As of 30 June 2020, the Company has available funds under revolving credit facilities from Halyk Bank of Kazakhstan JSC for a total amount of Tenge 50,000,000 thousand and from Sberbank of Russia JSC SB for a total amount of Tenge 14,000,000 thousand.

These separate financial statements do not include any adjustments to the carrying amounts of assets and liabilities, income and expenses, and classification of the condensed separate interim statement of financial position that would be required if it is not possible to continue operating activities, such adjustments may be significant.

## **3 Changes in Accounting Policy**

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Company:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).
- Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

## **4 Critical Accounting Estimates and Judgements in Applying Accounting Policies**

While preparing the condensed separate interim financial statements, the Company uses estimates and makes assumptions that affect the applicable accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The applicable critical accounting estimates and judgments correspond to those applied in the preparation of the annual separate financial statements for the year ended 31 December 2019, with the exception of calculating income tax provisions and adopting new and amended standards.

### ***Impairment of non-financial assets***

At the end of each reporting date the management assesses whether there is any indication of impairment of separate assets or groups of assets, and whether there is any indication that an impairment loss recognized in prior periods for separate assets or groups of assets other than goodwill may no longer exist or may have decreased. If such indications exist, management estimates the recoverable amount of an asset, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The calculation of value in use requires the application of the management's estimates and judgments, which are deemed appropriate under the current circumstances.

Determining the presence of impairment indicators of non-financial assets also requires the use of judgments and estimates in determining possible technological obsolescence of fixed assets, discontinued operations, residual useful lives, and other changes in operating conditions.

#### 4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Under IAS 36, one of the possible impairment indicators is the presence of significant changes that had negative consequences for the Company that occurred during the period or are expected in the near future in the technological, market, economic or legal environment in which the Company operates or in the market for which the asset is used. In assessing the recoverable amount of assets, the Company makes estimates and judgments. Estimates and judgments are repeatedly evaluated and based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies.

The measures aimed at containment and mitigation of COVID-19 impacts severely restrict business operations in Kazakhstan, and adversely impact the Company's business and customers, the national and international economy, and may continue to do so for an indefinite period of time. Accordingly, such measures may reduce future cash flows or increase operating and other expenses, and also affect the way the Government regulates electricity tariffs to support the economy.

As at 31 December 2019, the Company conducted the impairment test of investments in its subsidiaries Ekibastuz GRES-1 named after Bulat Nurzhanov LLP ("EGRES-1"), Tegis Munay LLP and its subsidiary Mangyshlak Munay LLP (hereinafter "Tegis Munay"), and joint venture Ekibastuz GRES-2 JSC ("EGRES-2»).

Based on the impairment analysis of the investment in Ekibastuz GRES-2 JSC ("EGRES-2"), management concluded that there was no indication of impairment as at the analysis date. Accordingly, the Group's management selected not to conduct the impairment test in relation to property, plant and equipment and intangible assets of EGRES-2 Plant and, respectively, the Company's share in this subsidiary as at 30 June 2020. The key factors to indicate that there is no indication of impairment include a significant increase in electricity tariff – from Tenge 7.73 /kWh up to Tenge 9,13 /kWh from 1 July 2020, in accordance with the Order of the Minister of Energy of the Republic of Kazakhstan, - and implementation of the new calculation method of fixed profit since c 2021 to be considered when approving the cap electricity tariffs, and fixed profit for balancing to be considered when approving the cap balancing electricity tariffs as approved by Order of the Minister of Energy of the Republic of Kazakhstan No. 205 dated 22 May 2020.

As at 30 June 2020, the Company updated the impairment tests of the investments in its subsidiaries Ekibastuz GRES-1 named after Bulat Nurzhanov LLP ("EGRES-1"), Tegis Munay LLP and its subsidiary Mangyshlak Munay LLP ("Tegis Munay"), in accordance with IAS 36 "Impairment of Assets", these subsidiaries are subject to adverse impact by the current economic situation.

##### **EGRES-1**

The forecast cap electricity tariff per 1 kWh in 2020 is based on the tariff approved by Order of the Minister of Energy of the Republic of Kazakhstan No. 243 dated 29 June 2020. Since 2021 the forecast tariff has been calculated using the calculation method of fixed profit to be considered when approving the cap electricity tariffs, and fixed profit for balancing to be considered when approving the cap balancing electricity tariffs, as approved by Order of the Minister of Energy of the Republic of Kazakhstan No. 205 dated 22 May 2020.

The following table sets out the main changes in assumptions where impairment estimates were updated as of 31 May 2020:

<b>Sales volume:</b>			<b>6 months</b>				
<b>At 31 May 2020</b>	<b>Measurement unit</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Electricity tariff - Kazakhstan	Tenge/kWh	5.80	8.61	8.78	8.80	8.76	8.78
Tariff for electric capacity maintenance	mln. Tenge/ (MW*month)	0.59	0.63	0.66	0.70	0.73	0.75
Tariff for power capacity regulation (KEGOC)	mln. Tenge/ (MW*month)	0.69	0.72	0.76	0.79	0.82	0.84
<b>At 31 December 2019</b>	<b>Measurement unit</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Electricity tariff - Kazakhstan	Tenge/kWh	5.76	6.51	6.78	7.06	7.62	7.79
Tariff for electric capacity maintenance	mln. Tenge/ (MW*month)	0.59	0.62	0.65	0.67	0.70	0.72
Tariff for power capacity regulation (KEGOC)	mln. Tenge/ (MW*month)	0.69	0.80	0,84	0.87	0.90	0.93

**4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

The Company expects to obtain an individual tariff for electric capacity maintenance beginning from 2024 due to the planned completion of the investment project “Rehabilitation of power unit No. 1 and installation of new electrostatic precipitators” using borrowed funds. In line with the *Rules of the Ministry of Energy for admission to consideration, consideration and selection of investment programmes for modernization, expansion, reconstruction and/or upgrade, conclusion of investment agreements for modernization, expansion, reconstruction and/or upgrade, the corresponding conclusion of agreements for purchase of electrical capacity maintenance services and establishment of individual tariffs for electrical capacity maintenance services thereunder, volumes and timing of the purchase of the electrical capacity maintenance service*, the Company applied to the Market Council on 30 January 2020. On 27 March 2020 the General Committee of the Market Council conducted the meeting to consider recommendations of the Expert Review Panel of the Market Council dated 11 March 2020 and decided to recommend admission of the investment programme of Ekibastuz GRES-1 LLP and other power producers to consideration by the competent authority.

<b>Sales volume:</b>		<b>7</b>					
<b>At 30 June 2020</b>	<b>Measurment unit</b>	<b>months 2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Sales of electricity– Kazakhstan	mIn. kWh	9,607	16,832	18,011	19,026	19,660	20,054
Sales of electric capacity per month	MW	10,931	25,798	26,248	27,078	22,058	22,761
Sales of electricity– Uzbekistan	MW	875	1,500	1,174	31	-	-

  

<b>At 31 December 2019</b>	<b>Measurment unit</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Sales of electricity– Kazakhstan	mIn. kWh	17,527	18,935	20,261	21,404	22,117	22,616
Sales of electric capacity per month	MW	18,744	25,800	26,244	27,072	28,056	28,764
Regulation of power capacity (KEGOC) per year	MW	1,500	1,500	1,174	-	-	-

The sales volume of power capacity in 2020 was accepted as a result of the centralized bidding in December 2019. EGRES-1 expects the capacity sales to be evenly distributed between the key market players at bidding starting from 2021, given the average market tariff. Management believes that EGRES-1 will be able to sell the forecast capacity volumes starting from 2021 since the capacity is in demand, and this is evidenced by the current plant load and sales volume. In addition, the electric power supply contract for 2020 was signed with Uzbekenergo in 2019.

As a result of the test, management did not identify any impairment. Based on the impairment test, at 31 May 2020 the recoverable amount of investment was Tenge 577,923,128 thousand, which exceeded its carrying amount by Tenge 244,541,001 thousand. Accordingly, the Company did not recognize any impairment losses in 2020.

If the electricity tariff remained at the level of Tenge 5.8 /kWh for 2020-2025, the recoverable amount of the Company's investment would be lower by Tenge 218,638,729 thousand than its carrying amount.

If the cap electricity tariff remained at the break-even point, the recoverable amount of investment would be lower by Tenge 10,501,696 thousand than its carrying amount.

The long-term inflation rate used to calculate the terminal value is 2.31% per annum. The discount rate was calculated taking into account the current market assessment of the risks inherent in the industry and determined based on the weighted average cost of the company's capital in the amount of 11.52% (2019: 10.62%).

**Impairment test of assets of Tegis Munay**

Proved and probable gas reserves are used in impairment test. There are numerous uncertainties associated with gas reserves estimates, in particular, assumptions that are valid at the time of estimation may change significantly when new information becomes available. Movements in commodity price forecasts, exchange rates, production costs, or return percentages may alter the economic condition of reserves and ultimately lead to changes in reserves.

Natural gas production is forecasted to start in 2024, and 65% of gas production is expected to be exported annually starting from 2024.

The value in use calculation assumes the following forecast selling prices for oil in USD per barrel, which were based on the price forecasts of Consensus Economics dated 22 June 2020. Management also assumed that export prices for gas at the Chinese border are closely related to the oil price due to their high correlation, which is supported by the analysis.

<i>In US Dollars</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Oil price per barrel (Brent)*	59.1	60.3	61.7	63.2
Estimated export price for gas at the Chinese border per thousand of m <sup>3</sup>	265	270	277	284

\*Source: Consensus Economics

#### **4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

The discount rate after tax is 17.3% (2019: 13.9%). Based on the impairment test, at 30 June 2020 the recoverable amount of assets was lower by Tenge 3,146 million than their carrying amount. The Company recognized impairment loss on investment in profit or loss for the period within other expenses.

1% increase in the discount rate would result in the impairment of Tenge 6,069 million. A decrease in oil prices by 10% would result in the impairment of Tenge 8,427 million. A decrease in sales volume by 10% would result in the impairment of Tenge 7,533 million.

##### ***Balkhash TPP***

On 29 October 2019 the Company purchased 50%+1 shares in BTTP from Samsung C&T to become the owner of 100% participation share in BTTP. At the acquisition date, BTTP was on the verge of bankruptcy and was not actually engaged in any meaningful activities. Since 2017, the creditors and suppliers have repeatedly sued against BTTP due to its insolvency, which in turn resulted in the property being seized and BTTP operations being significantly. On 6 December 2019, on the basis of the court decision, an interim administrator was appointed to monitor and administer the bankruptcy process.

In view of the introduction of quarantine and measures taken by the Government to support the national economy, by Resolution of the Government of the Republic of Kazakhstan No.443 dated 14 July 2020 № 443, it was instructed to suspend filing by the creditors, being public authorities and quasi-public bodies, of bankruptcy petitions against legal entities and individual entrepreneurs until 1 October 2020, in this regard BTTP bankruptcy procedure was temporarily suspended. Thus, in the opinion of management, the Company has no control and its investment in BTTP is fully impaired.

##### ***Loan assignment agreement between the Company, Vnesheconombank, Eurasian Bank of Development and EGRES-2 Plant***

In 2019, in the course of acquisition by Samruk-Kazyna Sovereign Wealth Fund of 50% share in EGRES-2 Plant from Inter RAO UES JSC, the loan assignment agreement was concluded between Vnesheconombank and Eurasian Bank of Development (as original creditors), Eurasian Bank of Development (as a facility agent), Samruk Energy JSC (as a Transferee) and EGRES-2 Plant (as a Debtor), which assumes the assignment by Vnesheconombank of its receivables to Samruk Energy JSC.

According to the loan assignment agreement dated 9 December 2019, Samruk Energy JSC shall acquire the loan denominated in Russian Roubles from Vnesheconombank by the earlier of 21 June 2021 or within 60 days from receipt of the default notice.

The Company's management believes that default events have not occurred as at 30 June 2020.

Upon debt buyback, the related receivables shall be transferred from Vnesheconombank to Samruk Energy JSC and the loan currency shall be changed from Russian Roubles to Kazakhstani Tenge. The change in the loan currency, under the Loan Agreement dated 23 June 2010, implies a corresponding change in the original interest rate in Roubles into the Tenge-denominated interest rate. This transaction meets the criteria for a derivative and, based on the fair value measurement, management has concluded that the fair value of this derivative is immaterial at the reporting date and, accordingly, no asset or liability has been recognized.

#### **5 Balances and Transactions with Related Parties**

Related parties are defined in IAS 24, Related Party Disclosures. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Company's parent entity and ultimate controlling party are disclosed in Note 1.

The related parties include the companies under control of Samruk-Kazyna. Transactions with the state owned entities are not disclosed when they are entered into in the ordinary course of business in compliance with terms consistently applied to all public and private entities i) when they are not individually significant, ii) if the Company'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 etc.

The Company purchases from and sells goods to a large number of government related entities.

Such purchases and sales are individually insignificant and are generally entered into on an arm's length basis.

In June 2020, Samruk-Kazyna JSC purchased 125 shares in the Company at the price of Tenge 21,848,312 for the total amount of Tenge 2,731,039 thousand, based on the right of pre-emption, and paid for the shares purchased by transferring of the wind and solar power equipment to the Company.

**5 Balances and Transactions with Related Parties (Continued)**

Further, the Company increased its investment in Samruk-Green Energy LLP by transfer of the above-mentioned property for the amount of Tenge 2,731,039 thousand.

The outstanding balances with related parties as at 30 June 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Shareholder</b>	<b>Companies under common control</b>	<b>Subsidiaries and joint ventures</b>
Loan given to subsidiaries	-	-	57,299,068
Other asset held for the benefit of the Shareholder	339,077	-	-
Other non-current assets	-	-	1,448,139
Interest receivable on loans issued	-	-	435,702
Dividends attributable to the Shareholder	3,066,231	-	-
Dividends receivable	-	-	18,233,906
Other payables and accrued liabilities	-	4,290	296,163
Liability to the shareholder	339,077	-	-
Borrowings	65,124,670	-	46,496,604

The outstanding balances with related parties as at 31 December 2019 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Shareholder</b>	<b>Companies under common control</b>	<b>Subsidiaries and joint ventures</b>
Loan given to subsidiaries	-	-	61,726,090
Accounts receivable	-	-	3,334
Other asset held for the benefit of the Shareholder	363,571	-	-
Other current assets	-	-	-
Other non-current assets	-	-	1,358,784
Interest receivable on loans issued	-	-	267,373
Dividends receivable	-	-	405
Other payables and accrued liabilities	-	4,604	220,614
Liability to the shareholder	363,571	-	-
Borrowings	64,876,984	-	43,763,045
Other non-current financial liabilities	-	-	-

The income and expense items with related parties for six months ended 30 June 2020 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Shareholder</b>	<b>Companies under common control</b>	<b>Subsidiaries and related entities</b>
Dividend income	-	-	37,364,533
Finance income	-	-	857,466
Finance costs	(3,196,659)	-	(1,875,949)
Recovery/(impairment) of financial instruments (net)	-	-	290,143
General and administrative expenses	-	(77,556)	(469,252)
Net loss on foreign exchange	(660,600)	-	56,648

Key management compensation for 6 months ended 30 June 2020, including salaries, bonuses, taxes and other short-term benefits to employees, is Tenge 64,716 thousand (for the period ended 30 June 2019: Tenge 88,711 thousand). Key management as at 30 June 2020 includes 5 persons (30 June 2019: 3 persons).

## 6 Investments in Subsidiaries and Joint Ventures

The information on the value of investments as of 30 June 2020 and 31 December 2019 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Date of acquisition</b>	<b>Country of registration</b>	<b>Investment amount as at 30 June 2020</b>	<b>Ownership percentage as at 30 June 2020</b>	<b>Investment amount as at 31 December 2019</b>	<b>Ownership percentage as at 31 December 2019</b>
<i>Subsidiaries</i>						
Ekibastuz GRES-1 named after Bulat Nurzhanov LLP	31.10.2012	Kazakhstan	333,382,126	100%	333,382,126	100%
Alatau Zharyk Company JSC	29.07.2009	Kazakhstan	59,127,857	84%	58,974,235	84%
Almaty Power Plants JSC	26.07.2011	Kazakhstan	34,061,653	100%	34,061,653	100%
Moinak HPP JSC	04.01.2008	Kazakhstan	21,864,616	100%	21,864,616	100%
Tegis Munay LLP	29.12.2012	Kazakhstan	17,248,587	100%	17,137,421	100%
First Wind Power Plant LLP	28.05.2016	Kazakhstan	14,914,271	100%	14,914,271	100%
Samruk-Green Energy LLP	13.06.2012	Kazakhstan	6,094,995	100%	2,953,614	100%
Shardarinsk HPP JSC	03.06.2011	Kazakhstan	2,524,772	100%	2,524,771	100%
Ereymenau Wind Power LLP	28.05.2016	Kazakhstan	5,219,515	100%	3,780,724	100%
Bukhtarminsk HPP JSC	04.01.2008	Kazakhstan	1,050,790	90%	1,050,790	90%
Kazhydrotechenergo LLP	31.03.2014	Kazakhstan	291,364	100%	283,864	100%
AlmatyEnergoSbyt LLP	26.07.2011	Kazakhstan	136,003	100%	136,003	100%
Energy Solutions Center LLP	16.03.2017	Kazakhstan	52,998	100%	52,998	100%
<i>Joint ventures and associates</i>						
Forum Muider B.V.	23.12.2008	Netherlands	41,759,543	50%	41,759,543	50%
Ekibastuz GRES-2 JSC	04.01.2008	Kazakhstan	8,725,133	50%	8,725,133	50%
Energia Semirechya LLP	28.05.2016	Kazakhstan	2,411,010	25%	2,411,010	25%
<i>Impaired investments</i>						
Balkhash TPP JSC	24.06.2008	Kazakhstan	32,085,280	100%	32,085,280	100%
Shulbinsk HPP JSC	04.01.2008	Kazakhstan	1,230,658	92.14%	1,230,658	92.14%
Ust-Kamenogorsk HPP JSC	04.01.2008	Kazakhstan	465,019	89.99%	465,019	89.99%
<hr/>						
Less:						
Investment impairment			(41,075,080)		(36,429,080)	
<hr/>						
<b>Total investments</b>			<b>541,571,110</b>		<b>541,364,649</b>	

As at 30 June 2020 the Company holds ownership interests in the following jointly controlled entities:

- EGRES-2 – 50%. The outstanding 50% ownership interest is owned by Samruk-Kazyna Sovereign Wealth Fund JSC.
- Forum Muider – 50%. The outstanding 50% ownership interest is owned by UC RUSAL.

In December 2019, the ownership interest of 50% was repurchased by Samruk-Kazyna Sovereign Wealth Fund from Inter RAO UES JSC for USD 25 million.

100% shares in EGRES-2 Plant evaluated at the date of the Guarantee Contract to the amount of Tenge 10,582,636 thousand were pledged as a security under the loan of EGRES-2 to Eurasian Bank of Development JSC.

In June 2020 the Company increased its investments in Samruk-Green Energy LLP by transferring the wind and solar power equipment of Tenge 2,731,039 thousand (Note 5).

**SAMRUK ENERGY JSC**  
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**7 Loans Issued**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2020</b>	<b>31 December 2019</b>
<i>Non-current portion</i>		
Bonds of Moinak HPP JSC	40,000,000	40,000,000
Loan issued to Alatau Zharyk Company JSC	4,997,817	4,777,939
Loan issued to First Wind Power Plant LLP	523,373	1,757,608
Bonds of Mangistau Electricity Distribution Company JSC	828,338	1,220,424
Interest accrued on First Wind Power Plant LLP loan	40,165	5,289
Bonds of Special Financial Company DSFK LLP	397,450	395,094
Bonds of Tsesnabank JSC	23,158	21,536
Less: provision for impairment	(219,204)	(222,196)
<b>Total loans issued – non-current portion</b>	<b>46,591,097</b>	<b>47,955,694</b>
<i>Current portion</i>		
Bonds of Moinak HPP JSC	7,000,000	7,000,000
Loan issued to Almaty Power Plants JSC	3,200,000	3,000,000
Loan issued to Moinak HPP JSC	1,400,000	1,400,000
Loan issued to Ekibastuz GRES-1 LLP	-	4,000,000
Loan issued to Alatau Zharyk Company JSC	500,000	-
Bonds of Mangistau Electricity Distribution Company JSC	384,600	-
Loan issued to Balkhash TPP JSC	377,301	377,301
Interest accrued on loans issued	208,842	177,360
Interest accrued on bonds	210,095	210,523
Financial aid given to Ust-Kamenogorsk HPP JSC	30,390	30,390
Loans given to Zhambyl GRES named after T.I. Baturov JSC	5,442	5,442
Less: provision for impairment	(543,949)	(531,201)
<b>Total loans issued –current portion</b>	<b>12,772,721</b>	<b>15,669,815</b>

*Loan issued to Almaty Power Plants JSC*

In 2019 the Company concluded a reverse credit facility agreement with Almaty Power Plants JSC on the terms of granting loans in cash within the issuance limit of Tenge 5,200,000 thousand. In 2020 the Company provided a new tranche of Tenge 3,200,000 thousand.

*Loan issued to First Wind Power Plant LLP*

During the six months of 2020, First Wind Power Plant LLP early repaid a part of the principal of Tenge 1,281,537 thousand.

**8 Other Non-current Assets**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2020</b>	<b>31 December 2019</b>
Accounts receivable	758,622	733,735
Receivables under financial guarantee issued to First Wind Turbine LLP	1,452,492	1,363,280
Other non-current assets	85,626	79,698
Less: provision for impairment	(16,216)	(15,997)
<b>Total other non-current assets</b>	<b>2,280,524</b>	<b>2,160,716</b>

## 9 Other Current Assets

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2020</b>	<b>31 December 2019</b>
Trade receivable from buyers of subsidiaries	10,260,395	9,952,869
Receivable from Tauba Invest LLP	845,124	1,038,725
Term deposits	304	304
Dividends receivable	18,257,946	405
Less: provision for impairment	(161,051)	(226,299)
<b>Total financial current assets</b>	<b>29,202,718</b>	<b>10,766,004</b>
Asset held for the benefit of Shareholder	339,077	363,571
Advances paid	56,855	25,864
Others	255,083	240,912
<b>Total other current assets</b>	<b>29,853,733</b>	<b>11,396,351</b>

## 10 Cash and Cash Equivalents

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2020</b>	<b>31 December 2019</b>
Cash in bank accounts – Tenge	515,299	385,541
Cash in bank accounts – Euro	154	145
Cash in bank accounts – US dollars	23	2,280
Cash on hand	5,972	5,413
Cash in term deposits less than 3 months - Tenge	1,405,000	905,001
Less: provision for impairment	(508)	(375)
<b>Total cash and cash equivalents</b>	<b>1,925,940</b>	<b>1,298,005</b>

## 11 Share Capital

As of 30 June 2020, 5,601,812 outstanding ordinary shares were fully paid (31 December 2019: 5,601,687 shares). Each ordinary share gives one voting right. The Company has no preferred shares. The number of authorized shares equals 8,602,312 (31 December 2019: 8,601,187 shares).

In June 2020 Samruk-Kazyna JSC purchased 125 shares in the Company at the price of Tenge 21,848,312 for the total amount of Tenge 2,731,039 thousand, based on the right of pre-emption, and paid for the shares purchased by transferring of the wind and solar power equipment to the Company. As a result of fair value measurement at the acquisition date, the Company recognized loss of Tenge 1,500,000 thousand from change in the value within other reserves, as a transaction with the Shareholder.

On 9 June 2020 the Company declared the payment of dividends to the Sole Shareholder of Tenge 3,066,231 thousand – Tenge 547.38 per share (23 April 2019: Tenge 2,041,000 thousand). At the end of June 2020, dividends have not been paid.



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**12 Borrowings**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2020</b>	<b>31 December 2019</b>
Non-current portion		
Borrowings from Samruk-Kazyna	62,540,571	62,284,630
Non-current bank borrowings	61,743,205	63,208,148
Bonds	24,809,776	24,800,157
Borrowings from subsidiaries	-	33,467,208
<b>Total borrowings – non-current portion</b>	<b>149,093,552</b>	<b>183,760,143</b>
Current portion		
Borrowings from Ekibastuz GRES-1 named after Nurzhanov LLP	46,476,604	10,294,522
Current bank loans	3,042,235	8,942,235
Borrowings from Samruk-Kazyna	2,381,109	2,381,108
Interest accrued – bonds	360,287	360,287
Interest accrued – bank loans	1,507,195	1,448,062
Interest accrued – borrowings from Samruk-Kazyna and subsidiaries and related entities	222,990	212,560
<b>Total borrowings –current portion</b>	<b>53,990,420</b>	<b>23,638,774</b>
<b>Total borrowings</b>	<b>203,083,972</b>	<b>207,398,917</b>

The aging analysis of the Company's financial liabilities is shown in the table below, with indication of their remaining contractual maturities. The maturity analysis is based on undiscounted amounts, including future contractual interest and principal repayments.

<i>In thousands of Kazakhstani Tenge</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>Over 5 years</b>
At 30 June 2020					
Borrowings	3,713,386	12,168,945	48,003,118	89,503,429	137,504,269
Bond liabilities	-	203,288	2,637,742	13,475,197	22,953,427
Other payables and accrued liabilities	4,046,240	150,600	-	-	-
Finance lease	26,259	78,776	210,069	867,282	-
Finance guarantee	26,943,932	-	-	-	-
Derivative financial instruments	-	-	27,788,105	-	-
<b>Total future payments, including future principal and interest payments</b>	<b>34,729,817</b>	<b>12,601,609</b>	<b>78,639,034</b>	<b>103,845,908</b>	<b>160,457,696</b>
At 31 December 2019					
Borrowings	7,621,426	1,069,168	22,663,833	127,630,375	143,089,381
Bond liabilities	-	203,288	2,637,742	13,678,470	24,170,654
Other payables and accrued liabilities	1,255,130	159,653	-	-	-
Finance lease	-	-	346,314	1,179,671	-
Finance guarantee	23,717,500	-	-	-	-
Derivative financial instruments	-	-	-	29,622,719	-
<b>Total future payments, including future principal and interest payments</b>	<b>32,594,056</b>	<b>1,432,109</b>	<b>25,647,889</b>	<b>172,111,235</b>	<b>167,260,035</b>

### 13 Other Payables and Accrued Liabilities

<i>In thousands of Kazakhstani Tenge</i>	30 June 2020	31 December 2019
Dividends payable	3,066,231	-
Payables to suppliers and contractors	448,879	720,973
Warranty liability for tender participation	150,600	159,653
Other payables	531,130	534,157
<b>Total other payables and accrued liabilities</b>	<b>4,196,840</b>	<b>1,414,783</b>

### 14 Liabilities to the Shareholder

On behalf of the Shareholder, the Company assumed a commitment for the construction of a kindergarten in Nur-Sultan for the amount of Tenge 1,174,066 thousand. The Company recognized an obligation for the estimated amount of construction for amount of Tenge 1,174,066 thousand as other distributions to the shareholder. As of 30 June 2019, the Company incurred construction costs in relation to the kindergarten of Tenge 339,077 thousand (31 December 2019: Tenge 363,571 thousand). These actually incurred expenses are recorded as current assets held for the benefit of the Shareholder, as it is expected that these assets will be transferred to the Shareholder in the second half of 2020 through distribution of income in favour of the Shareholder pursuant to its decision.

### 15 Dividend Income

<i>In thousands of Kazakhstani Tenge</i>	6 months ended 30 June 2020	6 months ended 30 June 2019	3 months ended 30 June 2020	3 months ended 30 June 2019
Ekibastuz GRES-1 LLP	29,000,000	29,000,000		29,000,000
Forum Muider B.V	95,803	6,435,147	95,803	6,435,147
Bukhtarminsk HPP JSC	1,373,311	990,054	1,373,311	990,054
First Wind Power Plant LLP	600,000	-	(416,790)	-
Almaty Power Plants JSC	610,921	-	-	-
Alatau Zharyk Company JSC	407,518	879,332	407,518	879,332
Energy Solutions Center LLP	-	60,000	-	60,000
<b>Total dividends income</b>	<b>32,087,553</b>	<b>37,364,533</b>	<b>1,459,842</b>	<b>37,364,533</b>

### 16 Other Operating Income and Operating Expense, Net

<i>In thousands of Kazakhstani Tenge</i>	6 months ended 30 June 2020	6 months ended 30 June 2019	3 months ended 30 June 2020	3 months ended 30 June 2019
Impairment of investment in Tegis Munay (Note 4)	(3,146,000)	(908,889)	(3,146,000)	(908,889)
Other expense, net	(3,579)	(11,246)	(1,930)	(10,234)
Other income, net	-	145,498		55,049
<b>Total other operating income and operating expense, net</b>	<b>(3,149,579)</b>	<b>(774,637)</b>	<b>(3,147,930)</b>	<b>(864,074)</b>

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**17 General and Administrative Expenses**

<i>In thousands of Kazakhstani Tenge</i>	<b>6 months ended 30 June 2020</b>	<b>6 months ended 30 June 2019</b>	<b>3 months ended 30 June 2020</b>	<b>3 months ended 30 June 2019</b>
Salary and related costs	1,293,899	1,351,163	572,064	682,156
Consulting and other services	107,320	225,951	15,902	96,722
Taxes	45,542	118,654	38,003	34,866
Depreciation of property, plant and equipment and amortization of intangible assets	252,911	234,945	162,535	118,032
Staff training and related costs	14,859	43,684	3,963	26,808
Business trip expenses	41,338	72,766	5,912	37,404
Insurance	19,683	21,248	10,294	11,202
Information system support services	75,181	185,676	42,008	123,593
Specialized office services	286,009	282,159	141,006	165,735
Other	295,096	340,435	136,625	210,763
<b>Total general and administrative expenses</b>	<b>2,431,838</b>	<b>2,876,681</b>	<b>1,128,312</b>	<b>1,507,281</b>

**18 Finance Income**

<i>In thousands of Kazakhstani Tenge</i>	<b>6 months ended 30 June 2020</b>	<b>6 months ended 30 June 2019</b>	<b>3 months ended 30 June 2020</b>	<b>3 months ended 30 June 2019</b>
Unwinding of discount on financial assets	978,143	755,862	587,038	397,725
Interest income on loans issued and bonds	2,939,404	559,905	1,453,589	395,021
Interest income on bank deposits	59,027	342,560	25,135	87,616
Other	87,916	157,738	45,273	78,143
<b>Total finance income</b>	<b>4,064,490</b>	<b>1,816,065</b>	<b>2,111,035</b>	<b>958,505</b>

**19 Finance Costs**

<i>In thousands of Kazakhstani Tenge</i>	<b>6 months ended 30 June 2020</b>	<b>6 months ended 30 June 2019</b>	<b>3 months ended 30 June 2020</b>	<b>3 months ended 30 June 2019</b>
Interest expense on borrowings and bonds	6,754,700	6,446,858	3,353,527	2,856,184
Unwinding of present value discount on borrowings and financial aid	5,097,454	3,869,812	2,573,191	2,190,636
Losses from repurchase of bonds	-	783,348	-	783,348
Finance lease payables	68,438	102,105	32,594	50,857
Other	26,253	44,938	7,664	2,502
<b>Total finance costs</b>	<b>11,946,845</b>	<b>11,247,061</b>	<b>5,966,976</b>	<b>5,883,527</b>

**20 Income Tax**

Income tax is a tax withheld at the source of payments on deposits. The Company is not expecting taxable profits in the future.

## 21 Contingencies, Commitments and Operating Risks

In addition to the information below, as at 30 June 2020 the Company did not have any contingent or contractual commitments or operating risks other than disclosed in the separate financial statements for the year ended 31 December 2019.

### **Legal proceedings.**

As of 30 June 2020, the Company is engaged in legal proceeding with Transtelecom JSC. Transtelecom JSC filed a recovery claim for actually rendered services and expenses incurred under the Procurement Agreement “Consulting services for implementation of target (basic) processes of Samruk Energy JSC in the amount of Tenge 1,100,005 thousand. On 16 April 2020, the preparation of the hearing in the Specialized Interdistrict Economic Court (“SIEC”) of Nur-Sultan city was held. On 3 August 2020 the court hearings were held in Nur-Sultan SIEC on the civil case filed against Samruk Energy JSC by Transtelecom for debt recovery. The forensic economic and merchandising analysis was commissioned by the court decision dated 3 August 2020 under this civil case. As of 30 June 2020 the Company did not create a provision based on the assumption that dismissal of the claim of Transtelecom JSC is highly probable.

### **Compliance with covenants.**

The Company is subject to certain covenants related to its borrowings and bonds. Non-compliance with such covenants may result in negative consequences for the Company, including growth in the cost of borrowings and declaration of default. The Company was in compliance with covenants on borrowings at 30 June 2020.

### **Non-current financial guarantees.**

At 30 June 2020 the Company has a guarantee issued in relation to the loan of Shardarinsk HPP JSC. Fair value of the guarantees at initial recognition is determined as an amount derived from applying to the guaranteed amount the interest rate, being a difference between the interest rate at which the borrower received the loan secured by the Company and the interest rate that would be applied should the Company not issue a guarantee. The value of the guarantee is deemed as an investment in the subsidiary.

<i>In thousands of Kazakhstani Tenge</i>	Guarantee amount		Amount of liabilities guaranteed		Period of guarantee		Estimated rate of guarantee
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	Date of issue	Period	
<b>Company</b>							
Shardarinsk HPP JSC	1,357,763	1,439,752	26,943,932	23,717,500	2015	13 years	3%
<b>Total</b>	<b>1,357,763</b>	<b>1,439,752</b>	<b>26,943,932</b>	<b>23,717,500</b>			

## 22 Fair Value Disclosures

### **Fair value measurement**

Fair value is the amount at which a financial instrument could be exchanged during a current deal between stakeholders, other than cases of forced sale or liquidation, and is best evidenced by an active quoted market price. The estimated fair values of financial instruments were determined by the Company using available market information, if available, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Republic of Kazakhstan’s economy continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

The results of fair value evaluation are analysed and distributed to levels of fair value hierarchy: (i) the 1st level includes estimates on quoted prices (non-adjustable) in active markets for identical assets and liabilities, (ii) the 2nd level includes those received via evaluation methods in which all usable significant information is directly or indirectly observable for the asset or liability (i.e., e.g., price) and (iii) evaluations of 3rd level are estimates not based on observable market data (i.e., based on unobservable inputs)

All the Company's financial instruments are carried at amortized cost. Their fair value at 3rd level of fair value hierarchy was estimated using discounted cash flows.

## 22 Fair Value Disclosures (Continued)

### *Financial assets at amortized cost*

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received, discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Due to short maturities, carrying amounts of financial receivables, cash and cash equivalents and other financial current assets approximate their fair values.

### *Financial liabilities carried at amortized cost*

The estimated fair value of 1st level borrowings is based on quoted market prices.

The estimated fair value of fixed interest rate instruments with established maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Due to short maturities, the carrying amount of financial payables approximately equals their fair value.

The following is an analysis of fair value by level of the fair value hierarchy and the carrying amount of assets and liabilities not measured at fair value.

<i>In thousands of Kazakhstani Tenge</i>	30 June 2020				31 December 2019			
	Level Fair value	Level 2 Fair value	Level 3 Fair value	Carrying value	Level Fair value	Level 2 Fair value	Level 3 Fair value	Carrying value
<b>Assets</b>								
Cash and cash equivalents	-	1,925,940	-	1,925,940	-	1,298,005	-	1,298,005
Fixed term deposits	-	304	-	304	-	304	-	304
Financial receivables	-	11,622,699	-	11,715,267	-	11,240,997	-	11,487,529
Dividends receivable	-	18,233,906	-	18,233,906	-	405	-	405
Receivables from subsidiaries under guarantee given	-	1,546,724	-	1,448,139	-	1,463,478	-	1,358,784
Loans given	-	61,200,919	-	59,363,818	-	58,746,861	-	63,625,509
Receivables from employees	-	85,626	-	85,626	-	79,698	-	79,698
<b>Total financial assets</b>		<b>94,616,118</b>	-	<b>92,773,000</b>	-	<b>72,829,748</b>	-	<b>77,850,234</b>
<b>Liabilities</b>								
Borrowings	-	213,817,847	-	203,083,972	-	185,367,803	-	207,398,917
Lease obligations	-	936,208	-	899,864	-	711,285	-	1,035,366
Financial payables	-	4,196,840	-	4,196,840	-	720,973	-	720,973
Financial guarantees issued	-	1,193,085	-	1,357,763	-	1,330,326	-	1,439,752
<b>Total financial liabilities</b>		<b>220,143,980</b>	-	<b>209,538,439</b>	-	<b>188,130,387</b>	-	<b>210,595,008</b>

## **23 Events after the Reporting Period**

On 16 July 2020 Samruk Energy JSC fully paid the dividends declared of Tenge 3,066,231 thousand to the Sole Shareholder.

On 21 July 2020 Almaty Power Plants JSC repaid the loan of Tenge 3,200,000 thousand issued by the Company on 25 June 2020 within the reverse credit facility agreement.

On 23 July 2020 Samruk Energy JSC paid interests of Tenge 1,462,266 thousand on Tranches A, B, C under the Credit Facility Agreements to Asian Development Bank.

On 23 July 2020 Samruk Energy JSC paid interests of Tenge 670,307 thousand and repaid the principal amount of Tenge 1,521,117 thousand under Credit Facility No.48308 dated 9 December 2016 to European Bank for Reconstruction and Development.

30 July 2020 the Company, under the reverse credit facility agreement with Almaty Power Plants JSC, provided another tranche of Tenge 1,500,000 thousand.

At the end of July and beginning of August 2020, the court hearings in Nur-Sultan SIEC on the civil claim filed by Transtelecom JSC against Samruk Energy JSC for debt recovery. In this relation, the court decision dated 3 August 2020 commissioned Progress-Consulting LLP to conduct forensic economic and merchandising analysis.

On 26 June 2020 Ekibastuz GRES-2 JSC received a notice from Halyk Bank of Kazakhstan JSC on approval of the credit facility of Tenge 105,000,000 thousand for an 8-year period at the interest rate of 12% p.a. The funds obtained thereunder are intended for an early repayment of the borrowings from Vnesheconombank and Eurasian Bank of Development.

## **24 Carrying Amount of One Share**

### ***Carrying amount of one share***

In line with the decision of the Exchange Committee of Kazakhstan Stock Exchange JSC (“KASE”) dated 4 October 2010, the financial statements shall contain data on the carrying amount of one share (ordinary and preference) at the reporting date calculated in accordance with the rules approved by KASE. At 31 December 2019 this indicator calculated by the Company’s management based on the financial statements was Tenge 76,095 (31 December 2019: Tenge 73,094). The table below shows calculation of the carrying amount of one share:

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2020</b>	<b>31 December 2019</b>
Total assets	636,978,696	622,001,515
Less: intangible assets	(751,345)	(763,873)
Less: total liabilities	<b>(209,958,178)</b>	<b>(211,785,133)</b>
<b>Net assets for ordinary shares</b>	426,269,173	409,452,509
Number of ordinary shares at 31 December	5,601,812	5,601,687
Carrying amount of one share, Tenge	<b>76,095</b>	<b>73,094</b>