



SAMRUK-ENERGY JSC

Condensed Consolidated Interim Financial Statements and Independent Auditor's Report

30 September 2016

Contents

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Interim Statement of Financial Position.....	1
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Interim Statement of Changes in Equity.....	4
Condensed Consolidated Interim Statement of Cash Flows	5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS:

1	Samruk-Energy Group and Its Operations.....	7
2	Basis of Preparation and Significant Accounting Policies	8
3	Critical Accounting Estimates, and Judgements in Applying Accounting Policies.....	10
4	Segment Information.....	11
5	Property, Plant and Equipment	17
6	Investments in Joint Ventures and Associates.....	19
7	Other Non-Current Assets	20
8	Inventories	20
9	Trade and Other Receivables	21
10	Other Current Assets	21
11	Cash and Cash Equivalents.....	22
12	Equity.....	23
13	Borrowings.....	24
14	Other Non-Current Liabilities	28
15	Trade and Other Payables.....	28
16	Revenue	28
17	Cost of Sales	29
18	General and Administrative Expenses	29
19	Finance Income	30
20	Finance Costs.....	30
21	Taxes	30
22	Book value per common share	32
23	Contingencies, Commitments and Operating Risks.....	33
24	Principal Subsidiaries, Associates and Joint Ventures.....	34
25	Financial Risk Management.....	35
26	Fair Value of Financial Instruments.....	35
27	Events Occurring After the Reporting Period	36

SAMRUK-ENERGY JSC
Condensed Consolidated Interim Statement of Financial Position

<i>In thousands of Kazakhstani Tenge</i>	Note	30 September 2016	31 December 2015
ASSETS			
Non-current assets			
Property, plant and equipment	6	820,261,883	804,846,336
Investment property		694,510	774,702
Intangible assets		2,611,581	2,894,963
Exploration and evaluation asset		13,803,502	13,520,805
Investments in joint ventures and associates	7	86,976,951	72,047,578
Other non-current assets	8	25,753,345	14,256,809
Total non-current assets		950,101,772	908,341,193
Current assets			
Inventories	9	12,277,358	13,777,955
Trade and other receivables	10	12,355,545	19,842,838
Other current assets	11	43,503,220	50,866,965
Income tax prepaid		1,788,310	1,534,371
Cash and cash equivalents	12	20,396,746	31,927,511
Assets of disposal group, classified as held-for-sale		-	-
Total current assets		90,321,179	117,949,640
TOTAL ASSETS		1,040,422,951	1,026,290,833

Signed on behalf of management on 3 November 2016.

Kayrat B. Maxutov
 Chief Finance Officer



Saule B. Tulekova
 Head of Accounting and Tax Department
 Chief Accountant

SAMRUK-ENERGY JSC
Consolidated Interim Statement of Financial Position (continued)

<i>In thousands of Kazakhstani Tenge</i>	Note	30 September 2016	31 December 2015
EQUITY			
Share capital	13	373,314,888	355,650,405
Other reserves	13	127,576,967	127,578,106
Retained earnings		7,510,790	(3,236,425)
Equity attributable to the Group's equity holders		508,402,645	479,992,086
Non-controlling interest		3,084,812	2,528,351
TOTAL EQUITY		511,487,457	482,520,437
LIABILITIES			
Non-current liabilities			
Ash dump restoration provision		2,452,697	1,842,401
Employee benefit obligations		1,211,749	1,329,840
Borrowings	14	376,650,697	340,158,800
Other non-current liabilities	15	4,381,209	4,735,410
Deferred income tax liabilities		82,029,668	79,404,793
Total non-current liabilities		466,726,020	427,471,244
Current liabilities			
Ash dump restoration provision		153,677	120,147
Borrowings	14	27,542,782	70,844,582
Employee benefit obligations		123,796	122,689
Trade and other payables	16	32,111,280	43,220,687
Taxes payable and other payables to budget	22	1,807,724	1,524,428
Income tax payable	22	470,215	466,619
Liabilities of disposal group, classified as held-for-sale		-	-
Total current liabilities		62,209,474	116,299,152
TOTAL LIABILITIES		528,935,494	543,770,396
TOTAL LIABILITIES AND EQUITY		1,040,422,951	1,026,290,833
Book value of common share, Tenge	23	90,843	85,866

Signed on behalf of management on 3 November 2016.

Kayrat B. Maxutov
 Chief Finance Officer



Saule B. Tulekova
 Head of Accounting and Tax Department –
 Chief Accountant

SAMRUK-ENERGY JSC
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of Kazakhstani Tenge</i>	Note	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
Revenue	17	159,813,939	165,276,753	50,645,894	51,185,023
Cost of sales	18	(123,981,948)	(119,256,785)	(39,946,107)	(37,533,074)
Gross profit		35,831,991	46,019,968	10,699,787	13,651,949
Other income, net		415,75	(227,001)	333,347	(364,511)
Distribution costs		(2,281,244)	(2,226,798)	(593,679)	(662,532)
General and administrative expenses	19	(10,697,431)	(10,475,068)	(3,350,830)	(2,972,555)
Share of profit of joint ventures and associates	7	4,255,148	(8,215,418)	572,555	(11,070,281)
Finance income	20	5,646,724	2,131,218	2,698,800	730,250
Finance costs	21	(14,793,257)	(64,431,541)	(4,508,608)	(52,168,519)
Profit before income tax		18,377,687	(37,424,640)	5,851,372	(52,856,199)
Income tax expense	22	(5,128,228)	(6,780,535)	(1,287,336)	(1,532,381)
Profit for the period from continuing operations		13,249,459	(44,205,175)	4,564,036	(54,388,580)
Profit from discontinued operations		95,479	2,469,307	91,468	-
Profit for the period		13,344,938	(41,735,868)	4,655,504	(54,388,580)
Other comprehensive loss					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of post-employment benefit obligations		(1,138)	(34,858)	33,213	34,858
Total comprehensive income for the period		13,343,800	(41,770,726)	4,688,717	(54,353,722)
Profit is attributable to:					
Equity holders of the Group		12,788,214	(42,479,590)	4,465,130	(54,840,499)
Non-controlling interest		556,724	743,723	190,374	451,920
Profit for the period		13,344,938	(41,735,868)	4,655,504	(54,388,580)
Total comprehensive income attributable to:					
Equity holders of the Group		12,787,076	(42,514,449)	4,498,343	(54,805,642)
Non-controlling interest		556,724	743,723	190,374	451,920
Total comprehensive income for the period		13,343,800	(41,770,726)	4,688,717	(54,353,722)

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2)

SAMRUK-ENERGY JSC
Condensed Consolidated Interim Statement of Changes in Equity

<i>In thousands of Kazakhstani Tenge</i>	Note	Attributable to equity holders of the Group			Total	Non- controlling interest	Total equity
		Share capital	Other reserves	Retained earnings			
Balance at 1 January 2015		355,364,386	54,993,097	80,553,684	490,911,167	2,138,284	493,049,451
Profit for the period		-	-	(42,479,590)	(42,479,590)	743,723	(41,735,868)
Other comprehensive income		-	(34,858)	-	(34,858)	-	(34,858)
Total comprehensive income		-	(34,858)	(42,479,590)	(42,514,448)	743,723	(41,770,726)
Share emission	13	286,019	-	-	286,019	-	286,019
Dividends		-	-	(4,781,072)	(4,781,072)	-	(4,781,072)
Balance at 30 September 2015		355,650,405	54,958,239	33,293,022	443,901,666	2,882,007	446,783,672
Balance at 1 January 2016		355,650,405	127,578,106	(3,236,425)	479,992,086	2,528,351	482,520,437
Profit for the period		-	-	12,788,214	12,788,214	556,724	13,344,938
Other comprehensive income		-	(1,138)	-	(1,138)	-	(1,138)
Total comprehensive income		-	(1,138)	12,788,214	12,787,076	556,724	13,343,800
Share emission	13	17,664,483	-	-	17,664,483	-	17,664,483
Dividends	13	-	-	(2,041,000)	(2,041,000)	(263)	(2,041,263)
Balance at 30 September 2016		373,314,888	127,576,967	7,510,790	508,402,645	3,084,812	511,487,457

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

SAMRUK-ENERGY JSC
Condensed Consolidated Interim Statement of Cash Flows

<i>In thousands of Kazakhstani Tenge</i>	Note	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Cash flows from operating activities			
Profit before income tax from continued operations		18,377,688	(37,424,640)
Profit before income tax from discontinued operations		95,479	2,469,307
Adjustments for:			
Depreciation and amortisation		33,756,093	28,252,363
Impairment of property, plant and equipment			443,633
Losses on disposal of property, plant and equipment		142,518	
Charge of provision for impairment of trade and other receivables		309,769	176,083
Charge/ (reversal) of provision on obsolete and slow-moving inventories		(555,910)	(240,117)
Amortisation of income from connection of additional capacities		(256,995)	(182,463)
Current service cost and actuarial losses on employee benefits		(1,139)	(34,858)
Finance costs	21	14,793,257	64,431,540
Finance income	20	(5,646,724)	(2,131,218)
Share of profit in joint ventures and associates	7	(4,255,147)	8,215,418
Other adjustments		-	-
Operating cash flows before working capital changes:		56,758,889	63,975,048
Decrease in trade and other receivables and other current assets		4,306,040	(546,745)
Decrease in inventories		2,054,572	(748,177)
Decrease in trade and other payables		(8,971,089)	(6,807,909)
Decrease in employee benefits payable		(116,983)	86,686
Decrease in taxes payable		1,256,792	(742,836)
Cash generated from operations		55,288,221	55,216,067
Income tax paid		(2,939,037)	(3,714,219)
Interest paid		(15,951,451)	(12,866,809)
Dividends received		3,664,598	4,671,250
Net cash from operating activities of continuing operations		40,062,331	43,306,289

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2)

SAMRUK-ENERGY JSC
Condensed Consolidated Interim Statement of Cash Flows (continued)

<i>In thousands of Kazakhstani Tenge</i>	Note	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Cash flows from investing activities			
Purchase of property, plant and equipment		(60,483,097)	(79,647,821)
Acquisition of intangible assets		(232,775)	(497,334)
Purchase of exploration and evaluation assets		(114,039)	(2,389,034)
Acquisition of share in associates		(12,483,260)	(7,556,910)
Cash received from sale of property, plant and equipment		27,531	16,902
Proceeds from sale of subsidiaries	7	133,703	-
Acquisition of subsidiaries		-	78,386
Proceeds from sale of assets of disposal group		2,194,110	370,396
Interest income received		2,143,415	1,426,812
Placement repayment of bank deposits, net		7,587,258	(675,972)
Placement of restricted cash		(1,165,398)	1,459,818
Other		(324)	-
Net cash used in investing activities of continuing operations		(62,392,876)	(87,414,757)
Cash flows from financing activities:			
Proceeds from issue of shares		17,664,483	-
Proceeds from issue of bonds		-	2,543,596
Proceeds from borrowings		57,063,522	108,949,985
Repayment of borrowings		(64,388,990)	(68,270,150)
Repayment of bonds		-	(139,382)
Dividends paid to shareholder		-	(4,781,073)
Other payments to shareholder		(71,593)	(44,357)
Dividends paid to non-controlling interest holders		(160,400)	(185,359)
Other payments		-	(3,500)
Net cash from/(used) financing activities of continuing operation		10,107,022	38,069,760
Foreign exchange difference effect on cash & cash equivalents		692,758	1,710,432
Net (decrease)/increase in cash and cash equivalents of continuing operations		(11,530,765)	(4,328,276)
Cash and cash equivalents at the beginning of the year of continuing operations	12	31,927,511	21,658,167
Cash and cash equivalents at the year- end of continuing operations	12	20,396,746	17,329,891

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2)

1 Samruk-Energy Group and Its Operations

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim financial reporting" for nine months ended 30 September 2016 for Samruk-Energy JSC (the "Company") and its subsidiaries (together referred to as the "Group").

The Company was incorporated on 18 April 2007 and registered on 10 May 2007. The Company is a joint stock company, and was set up in accordance with regulations of the Republic of Kazakhstan. The Group was established for the purpose of consolidation of entities in electric power industry of the Republic of Kazakhstan.

The Company's shareholder is Samruk-Kazyna National Welfare Fund JSC ("Samruk-Kazyna") (Note 13).

The Company's immediate parent company is Samruk-Kazyna. The Company's ultimate controlling party is the Government of the Republic of Kazakhstan.

Principal activity

The Group's principal activities are production of electricity and heat energy and hot water on the basis of coal, hydrocarbons, water and other renewable resources, and sale to households and industrial enterprises, transmission of electricity and technical distribution of electricity within the network, construction of power stations, lease of property of power stations and others. Principal subsidiaries, joint ventures and associates are disclosed in Note 26.

The operations of the Group's subsidiaries and joint ventures, which are dominant entities and natural monopolists in certain areas, are regulated by the Law of the Republic of Kazakhstan on Natural Monopolies and Regulated Markets and the Law on Competition and the Restriction of Monopolistic Activity (the "Antimonopoly legislation"). The tariffs for heat and electricity supply, transmission and technical distribution services in the grid are determined in accordance with the Pricing Rules on Regulated Markets approved by the Decree of the Government of the Republic of Kazakhstan dated 25 March 2009, and approved by the Committee on Regulation of Natural Monopolies of the Ministry of Economics of the Republic of Kazakhstan. The tariffs for electricity sold by the energy producing entities are determined in accordance with the Rules for Determination of Tariff and Approval of Cap and Individual Tariffs approved by the Decree of the Government of the Republic of Kazakhstan dated 10 March 2009, and are subject to confirmation and approval by the Ministry of Energy of the Republic of Kazakhstan.

Electricity tariffs for electricity producers are approved by Decree of the Government of the Republic of Kazakhstan #392 dated 25 March 2009 on Approval of Cap for Tariffs and Decree of Ministry of Energy and Natural Resources #61 dated 10 March 2009 on Approval of Groups of Energy Producing Entities for period of 2009-2015 which have the investment component – "tariffs in exchange for investments". Based on investment agreements, signed by Ministry of Energy and Natural Resources the tariffs set for electricity producers shall not exceed the maximum limits. Tariffs for transmission and distribution of electricity, production of heat energy and energy supply are regulated by Committee on Regulation of Natural Monopolies and Competition Protection of Ministry of Economics. Regulation and control are performed in accordance with legislation.

The tariff related decisions are significantly exposed to social and political issues. Economic, social and other policies of the Government of the Republic of Kazakhstan may have the significant effect on the Group's operations.

Registered address and place of business

The registered address and place of Company's Head Office is: Kabanbai Batyr Avenue 15A, Astana, Republic of Kazakhstan.

2 Basis of Preparation and Significant Accounting Policies

Basis of preparation

These condensed consolidated interim financial statements for the nine-month period ended 30 September 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting, under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRS. The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those of the previous financial year except for accounting for income taxes.

Income tax expenses for the interim period are accrued using the calculated effective tax rate that would be applicable for the financial year.

Seasonality of operations. The Group's operations are exposed to the seasonal fluctuations. Fluctuations in electricity transmission volume, production of heat and electricity relate to heating season from October to April.

Also, the Group's repair and maintenance works are subject to seasonality. Significant amount of maintenance and repair work are expected to be carried out in second half of 2016 that will significantly increase the Group's expenses, downtime of power units and decreased level of electricity production.

Exchange rates

At 30 September 2016 the exchange rate used for translation of foreign currency balances was 1 US Dollar = Tenge 335.46 (31 December 2015: 1 US Dollar = Tenge 339.47).

Changes in presentation of financial statements

On 24 of July 2014 the Board of Directors approved the plan to dispose a number of the subsidiaries in accordance with the Decree of the Government on the privatization of assets. As of 31 December 2014 all assets and liabilities of East Kazakhstan regional electricity distribution company (VKREC), Shygys Energo Trade LLP (SHET), Mangistau electricity distribution company (MEDC), Aktobe TPS, Zhambylskaya GRES named after T. I. Baturov (ZhGRES) have been included in disposal group. Since the operations of VKREK, SHET, MEDC, Aktobe TPS, and ZhGRES represent separate significant activities, this disposal group was presented as a discontinued operation in the consolidated financial statements for the previous year. On 31 March 2015 the Group has signed the agreement on sale of 50% of shares of ZhGRES with TarazEnergo-2005 LLP. The sale price was agreed is Tenge 2,469,307 thousand. Transfer of ownership was completed on 18 May 2015. VKREK, SHET, MEDC, Aktobe TSP have not been sold during 2015.

In December 2015 the Government of Republic of Kazakhstan adopted a new Decree "On some issues of privatization for 2016-2020". As part of this Decree the previously conducted activities and procedures become invalid, and the sales process will consist of several stages, the duration of which will depend on both, the internal and external factors.

Due to current economic condition, the management considers that there is some uncertainty in the order of sale of assets and in the timing of realization. In addition, Company's disposal group was not realised during 2015, as previously planned. Management has assessed that there is a high probability that the disposal group will not be sold during 2016 as well. Therefore, as at 31 December 2015 comparative information has been restated to reflect the results of transfer from disposal group. The same approach has been applied for condensed consolidated interim financial statement for nine months ended 30 September 2016.

SAMRUK-ENERGY JSC
Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2016

The effect of reclassifications for presentation purposes was as follows on amounts at 30 September 2015:

<i>In thousands of Kazakhstani Tenge</i>	As original for the year ended 30 September 2015	Aktobe TPS	MEDC	VKREC	ShET	MM	TM	Intercompany eliminations and adjustments	As restated for the year ended 30 September 2015
Revenue	132,831,186	4,113,843	6,670,599	8,134,598	20,142,366	-	-	(6,615,839)	165,276,753
Cost of sales	(92,453,936)	(3,779,713)	(4,054,150)	(5,691,001)	(19,909,803)	-	-	6,631,818	(119,256,785)
Gross profit	40,377,250	334,130	2,616,449	2,443,597	232,563	-	-	15,979	46,019,968
Distribution costs	(2,152,133)	-	(74,665)	-	-	-	-	-	(2,226,798)
General and administrative expenses	(8,427,438)	(229,482)	(622,451)	(341,766)	(691,555)	(147,494)	(19,716)	4,834	(10,475,068)
Share of profit of joint ventures and associates	(8,215,418)	-	-	-	-	-	-	-	(8,215,418)
Impairment of goodwill	-	-	-	-	-	-	-	-	-
Impairment of assets	(402,788)	5,067	6,097	1,071	(6,730)	-	-	-	(397,283)
Finance income	2,240,146	11	77,798	3,845	127	-	-	(190,709)	2,131,218
Finance costs	(64,008,186)	(16,118)	(311,076)	(255,304)	(32,921)	(74)	-	192,138	(64,431,541)
Other income (net)	75,872	17,731	52,207	14,221	26,137	93	4,835	(20,814)	170,282
Profit/(loss) before income tax	(40,512,695)	111,339	1,744,359	1,865,664	(472,379)	(147,475)	(14,881)	1,428	(37,424,640)
Income tax expense	(5,946,014)	(26,459)	(223,741)	(373,839)	(210,482)	-	-	-	(6,780,535)
Profit/(loss) for the year from continuing operations	(46,458,709)	84,880	1,520,618	1,491,825	(682,861)	(147,475)	(14,881)	1,428	(44,205,175)
Profit from discontinued operations	7,076,294	-	-	-	-	-	-	(4,606,987)	2,469,307
Profit for the year	(39,382,415)	84,880	1,520,618	1,491,825	(682,861)	(147,475)	(14,881)	(4,605,559)	(41,735,868)

New accounting pronouncements

New and amended standards and interpretations should be applied in the preparation of the first interim financial statements issued after their effective date. There are no new IFRSs or IFRICs that are effective for the first time for this interim period and that would be expected to have a material impact on the Group.

A set of new standards, amendments to standards and interpretations is not effective as at 30 September 2016. The requirements of these amended standards have not been considered for the preparation of these condensed consolidated interim financial statements. The Group plans to adopt these standards as they become effective. Currently, the Group has not yet completed the analysis of potential effect of these standards on its financial statements.

3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015, with the exception of change in estimates that are required in determining the provision for income taxes.

Impairment of non-financial assets

At the end of each reporting period 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 recognised in prior periods for separate assets or groups of assets other than goodwill may no longer exist or may have decreased. If any such indication exists, management estimates the recoverable amount, 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.

The Group has conducted impairment test of property, plant and equipment and intangible assets of ALES, AZhK and GRES-1, companies that are sensitive to economic changes and significant to the Group as at 31 December 2015.

Determination of indications of non-financial assets' impairment requires the use of judgements and estimates in defining possibility of technological obsolescence of fixed assets, termination of activity, residual useful lives and other changes in operational conditions.

Under IAS 36, one of the possible impairment indicators is the presence of significant changes that had negative consequences for the Group that occurred during the year or are expected in the near future in the technological, market, economic or legal environment in which the Group operates or in the market for which the asset is used. According to the results of the assessment, Management has concluded that a further reduction in load of GRES-1 as a result of increased competition in the market, slowing economic growth and rising borrowing costs and their possible impact on GRES-1 income are indicators of possible impairment of non-financial assets. Consequently, the Group's Management has decided to update impairment test of property, plant and equipment and intangible assets of GRES-1 as at 30 September 2016.

GRES-1 is a thermal power station, which produces electricity and is the station of national importance.

An impairment test was conducted in accordance with IAS 36 "Impairment of Assets". Management has assessed the recoverable amount of property, plant and equipment and intangible assets of GRES-1 based on the assessment of expected future cash inflows and outflows from the assets, discount rates and other variables.

The recoverable amount was determined based on value-in-use calculations. These calculations use cash flow projections based on the updated financial budgets approved by management covering a 5-year period for 2016-2021 and further volume of sales will increase at the level of 1-1.5%, annually, in accordance with forecasts of the Ministry Energy.

GRES-1 has identified its property, plant and equipment as a single cash-generating unit, as this is the lowest level at which GRES-1 exercises control over the recoverability. Key assumptions used by management in determining the value in use are:

- forecasted sales volumes of electricity and tariffs:

	July- Decem- ber 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Sale of electricity (domestic market), mil. kWh	4,256	11,238	12,111	14,604	17,101	17,895	18,737	19,018	19,303	19,593	19,887
Export (Uzbekistan, Kyrgyzstan) Of electricity, mln. kWh	-	-	2,112	2,113	2,113	2,112	2,112	2,144	2,176	2,208	2,242
Tariff on sale of electricity, (domestic market), Tenge/kWh	7.35	6.50	6.73	6.96	7.21	7.47	7.75	8.02	8.30	8.59	8.89
Tariff on production of electricity (export), Tenge/kWh	-	-	9.64	9.98	10.33	10.70	11,10	11.48	11.89	12.30	12.73

3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

Sales volume forecast is based on past performance and management's expectation. It has been suggested that since 2016 a number of customers, including Kazakhstan Electricity Grid Operating Company («KEGOC»), will increase the amount of electricity consumed; by 2018 the Company will start export of electricity to Kyrgyzstan due to the formation of a stable and increasing winter electricity shortage; from 2020 to attract additional volumes due to substitution of other power plants generating capacities, disposal of which is expected due to being of commercially not viable replacement or reconstruction at the current economic situation. In addition, the management plans to reduce tariffs significantly for the customers that can attract additional volumes as well.

In case of decrease / increase sales volumes by 10%, the recoverable amount of property, plant and equipment will increase / decrease by Tenge 128,461,471 thousand.

In the case of decrease / increase of tariffs by 10%, the recoverable amount of property, plant and equipment will increase / decrease by Tenge 128,461,471 thousand.

- After-tax discount rate is equal to 11.40% annum.

Cash flows have been discounted using after-tax discount rate of 11.40% per annum, which has been determined based on the weighted average cost of capital of GRES-1. Increase/decrease in discount rate of 1%, will result in the recoverable amount of property, plant and equipment reduced by Tenge 56,772,471 thousand /increase by Tenge 70,791,529 thousand.

- Long-term inflation rate used to calculate the terminal value is 2,3% per annum

As a result of test performed, the recoverable amount of property, plant and equipment at 30 September 2016 was estimated higher than their carrying value. Accordingly, Company did not recognize any impairment losses of property, plant and equipment in 2016.

Applied Critical accounting estimates and judgments, with the exception of the above correspond to the accounting estimates and judgments applied in the preparation of the annual financial statements for the period ended September 30, 2016.

Recognition of revenue from electricity sales

The Group recognises revenue when the electricity is supplied according to the meter readings of the electricity consumers. The meter readings are provided by the consumers on a monthly basis and checked by the Group for correctness on a sample basis. Since the procedures for invoicing of the consumed electricity have a cycle nature, the Group sold the significant amount of electricity at the end of the reporting period, for which invoices have not been issued to the customers. The Group recognises revenue for electricity sold from the moment of the last meter reading taking to the end of the reporting period on the basis of estimate. The balance sheet approach for estimation is applied by the Group for measurement of revenue not invoiced to the legal entities at the end of reporting period. According to the Group's approach, the daily amount of purchased electricity consumed but not invoiced is determined as at the end of the reporting month which is then multiplied by the selling price.

4 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 functions of the CODM are performed by the management board of the Group.

CODM is responsible for decision making on operating activities, assess segment results on the basis of EBITDA, which is calculated as profit/(loss) for the period before accounting for finance income and finance expense, income tax expenses, depreciation of property, plant and equipment and amortisation of intangible assets, impairment of property plant and equipment and investment property, impairment of goodwill, income/loss from legal claims, share of profit/(loss) of associates and effects, related to acquisition, such as excess of fair value of interest in identifiable assets and liabilities over cost of investment and other similar effects. Sequence for identification of EBITDA by Group might be different from sequence used by other companies.

4 Segment Information (Continued)

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

The Group is organised on the basis of three main business segments:

- Production of heat power and electricity;
- Transmission and distribution of electricity;
- Sale of electricity.

(b) Performance of operating segments

The CODM evaluates performance of each segment based on a measure of adjusted EBITDA.

SAMRUK-ENERGY JSC
Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2016

4 Segment Information (Continued)

<i>In thousands of Kazakhstani Tenge</i>	Production of electric energy and heating energy		Electric energy transmission and distribution		Sale of electric energy		Others		Total	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	External revenues	62,423,111	70,236,466	11,101,124	10,129,080	86,289,704	84,911,206	-	-	159,813,939
Inter-segment revenue	40,058,242	37,625,229	29,923,540	28,635,914	639	761	-	-	69,982,421	66,261,904
Total revenue	102,481,353	107,861,695	41,024,664	38,764,994	86,290,343	84,911,967	-	-	229,796,360	231,538,657
Share of profit of joint ventures	1,466,515	(9,227,069)	-	-			2,788,632	1,011,651	4,255,147	(8,215,418)
(Loss)/profit before income tax	17,157,214	(11,383,233)	8,105,175	7,952,991	14,896	(738,416)	(6,899,599)	(33,255,982)	18,377,687	(37,424,640)

4 Segment Information (Continued)

(d) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

<i>In thousands of Kazakhstani Tenge</i>	9 months ended 30 September 2016	9 months ended 30 September 2015
Total revenues for reportable segments	229,796,360	231,538,657
Revenues from other operations	-	-
Total revenue	229,796,360	231,538,657
Inter-segment revenue	(69,982,421)	(66,261,904)
Total consolidated revenues	159,813,939	165,276,753

* - Comparative information has been adjusted to reflect discontinued operations (Note 2)

(e) A reconciliation of total adjusted EBITDA to total profit before income tax is provided as follows:

<i>In thousands of Kazakhstani Tenge</i>	9 months ended 30 September 2016	9 months ended 30 September 2015
Adjusted EBITDA	57,486,474	58,800,486
Depreciation and amortisation	(33,736,379)	(28,178,691)
Finance income	5,646,724	2,131,218
Finance costs	(14,793,257)	(64,431,541)
Share of profit of associates	4,255,147	(8,215,418)
Income from sale of investment in ZhGRES		2,469,307
Impairment of assets	(481,022)	-
Profit before income tax of continuing operations	18,377,687	(37,424,640)

* - Comparative information has been adjusted to reflect discontinued operations (Note 2)

(f) Analysis of revenues by products and services

The Group's revenues are disclosed by products and services in Note 18 (revenue from core activities). Majority of sales of the Group are within Kazakhstan.

(g) Major customers

During nine months periods ended 30 September 2016 and 30 September 2015 there were no customers for which sales of the Group represented 10% or more of the total revenues. There has been no material change in total assets or total liabilities from the amounts disclosed in the last annual financial statements.

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 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 nature of relations with those related parties with whom the Group entered into transactions or had balances outstanding at 30 September 2016 and 31 December 2015 is detailed below.

SAMRUK-ENERGY JSC
Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2016
5 Balances and Transactions with Related Parties

At 30 September 2016, the outstanding balances with related parties were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholders	Government related entities
Trade and other receivables	1,085,908	270,392	47,315	-	1,363,047
Cash and cash equivalents	65,484	-	-	-	204,132
Other non-current assets	-	-	-	220,000	-
Other current assets	6,960,240	255,501	-	1,057,609	1,025,159
Borrowings	-	-	201,911	57,322,116	22,045,388
Trade and other payables	1,635,447	1,435,483	778,738	3,247,272	1,117,462

At 31 December 2015, the outstanding balances with related parties were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholders	Government related entities
Trade and other receivables	1,674,442	310,654	10,552	-	3,968,625
Cash and cash equivalents	27,333	-	-	-	964,050
Other non-current assets	76,901	609,095	-	-	13,292
Other current assets	6,825,446	-	-	223,491	-
Borrowings	-	-	216,769	57,537,094	24,583,534
Trade and other payables	2,645,981	1,909,491	839,427	60,725	1,536,011

The income and expense items with related parties for Nine months ended 30 September 2016 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Companies under common control	JVs and associates of Samruk- Energy	JVs and associates of Samruk-Kazyna	Shareholders	Government related entities
Revenue	15,259,304	1,671,180	315,964	-	11,416,562
Cost of sales	21,062,585	9,904,516	6,995	-	2,481,711
General and administrative expenses	321,968	-	-	-	-
Distribution costs	1,982,757	-	-	-	-
Other expenses	4,312	37,986	7	75,314	-
Other income	242,144	-	-	-	-
Finance costs	-	-	-	3,851,315	1,129,161
Finance income	234,294	-	-	9,719	-
Gain on foreign exchange	(97,400)	119,985	-	-	(1,119,608)

5 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for Nine months ended 30 September 2015 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Companies under common control	JVs and associates of Samruk Energy	JVs and associates of Samruk-Kazyna	Shareholders	Government related entities
Revenue	11,099,202	1,702,430	-	-	10,576,976
Cost of sales	15,175,277	14,929,536	-	-	1,832,682
General and administrative expenses	338,102	-	-	-	-
Distribution costs	4,558,149	-	-	-	-
Other expenses	68,083	-	-	70,310	-
Other income	53,924	-	-	410	-
Finance costs	-	-	-	8,355,653	906,223
Finance income	137,153	-	71,433	9,719	-
Gain on foreign exchange	(1,776,508)	363,183	-	-	(906,721)

Key management compensation is presented below:

<i>In thousands of Kazakhstani Tenge</i>	30 September	
	2016	30 September 2015
Key management compensation	578,056	1,046,000
Total key management compensation	578,056	1,046,000

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel as at 30 September 2016 include 73 persons (30 September 2015: 77 persons).

6 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Buildings and constructions	Machinery and equipment	Other	Construction in progress	Total
Cost at 1 January 2014	186,927,891	544,940,957	15,150,802	92,568,147	839,587,797
Accumulated depreciation and impairment	(28,423,607)	(59,186,917)	(4,327,496)	(340,718)	(92,278,738)
Carrying amount at 1 January 2014	158,504,284	485,754,040	10,823,306	92,227,429	747,309,059
Additions	41,285	1,246,878	792,598	80,275,672	82,356,434
Transfers	21,644,532	7,171,312	138,750	(28,954,595)	-
Depreciation (restated)*	(7,278,776)	(19,680,229)	(897,557)	-	(27,856,562)
Disposals	(76,820)	(345,141)	(21,672)	-	(443,633)
Carrying amount at 30 September 2015	172,834,506	474,146,860	10,835,425	143,548,507	801,365,298
Cost at 30 September 2015	210,617,508	538,832,204	15,981,385	151,314,996	916,746,092
Accumulated depreciation and impairment	(37,783,002)	(64,685,344)	(5,145,960)	(7,766,489)	(115,380,794)
Carrying amount at 30 September 2015	172,834,506	474,146,860	10,835,425	143,548,507	801,365,298
Cost at 1 January 2016	217,917,315	580,570,951	17,300,740	117,391,527	933,180,533
Accumulated depreciation and impairment	(33,976,076)	(87,441,141)	(5,450,237)	(1,466,743)	(128,334,197)
Carrying amount at 1 January 2016	183,941,239	493,129,810	11,850,503	115,924,784	804,846,336
Additions	78,243	852,396	848,670	47,511,034	49,290,343
Transfers	11,679,443	27,002,808	(30,132)	(38,652,118)	-
Depreciation	(8,750,181)	(23,462,282)	(1,011,262)	-	(33,223,725)
Disposals	(32,361)	(82,261)	(55,428)	-	(170,049)
Impairment	(35,200)	(70,202)	(29,140)	(346,480)	(481,022)
Carrying amount at 30 September 2016	186,881,183	497,370,268	11,573,212	124,437,220	820,261,883
Cost at 30 September 2016	229,310,668	608,350,152	17,903,307	126,215,418	981,779,545
Accumulated depreciation and impairment	(42,429,485)	(110,979,884)	(6,330,095)	(1,778,198)	(161,517,662)
Carrying amount at 30 September 2016	186,881,183	497,370,269	11,573,212	124,437,220	820,261,883

* - Comparative information has been adjusted to reflect discontinued operations (Note 2)

Additions for the period ended 30 September 2016 include capitalized borrowing costs in the amount of Tenge 5,372,392 thousand (31 December 2015: Tenge 4,572,696 thousand).

As at 30 September 2016 the property, plant and equipment with carrying value of Tenge 6,264,855 thousand (31 December 2015: Tenge 5,606,947 thousand) were pledged as collateral for borrowings received by the Group (Moinak HPS) from JSC "Development Bank of Kazakhstan".

6 Property, Plant and Equipment (Continued)

Depreciation charge is allocated to the following items of profit and loss for the period:

<i>In thousands of Kazakhstani Tenge</i>	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Cost of sales	32,490,595	27,102,196
General and administrative expenses	716,637	739,214
Other expenses	12,986	11,880
Total depreciation charge	33,220,218	27,853,290

7 Investments in Joint Ventures and Associates

The table below summarises the movements in the carrying amount of the Group's investment in joint ventures and associates.

<i>In thousands of Kazakhstani Tenge</i>	Joint ventures		Associate	Total
	EGRES-2	Forum Muider	BTES	
Balance at 1 January 2015	42,290,615	26,049,797	10,556,290	78,896,702
Contribution to share capital	-	-	7,556,910	7,556,910
Share of profit/(loss) for the period	(9,227,069)	2,374,386	(1,362,735)	(8,215,418)
Dividend accrued	-	(5,015,697)	-	(5,015,697)
Balance at 30 September 2015	33,063,546	23,408,486	16,750,465	73,222,497
Balance at 1 January 2016	29,522,946	25,524,702	16,999,930	72,047,578
Contribution to share capital	-	-	12,483,261	12,483,261
Share of profit/(loss) for the period	1,466,515	3,276,244	(487,611)	4,255,148
Dividend accrued	1,500,000	(3,309,036)	-	(1,809,036)
Balance at 30 September 2016	32,489,461	25,491,910	28,995,580	86,976,951

At 30 September 2016 the Group has interests in the following jointly controlled entities:

- EGRES-2 – 50%. The remaining 50% interest is owned by Inter-RAO UES OJSC.
- Forum Muider – 50%. The remaining 50% is owned by UC RUSAL.

By the decision of shareholders of EGRES-2 dated 10 March 2016, the dividends allocated for distribution for the prior years in the amount of Tenge 3,000,000 thousand were cancelled, where the Group's share in the dividend amounted to Tenge 1,500,000 thousand.

The Group has interests in the following associates: Balkhashskaya TES (50% minus one share), where the controlling party is the Samsung C&T. An entity was incorporated in the Republic of Kazakhstan, established by the Group in 2008 for construction of Balkhash thermal power station.

Transactions and balances with joint ventures and associates are presented in Note 5.

SAMRUK-ENERGY JSC
Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2016

8 Other Non-Current Assets

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Prepayments for non-current assets	22,401,435	9,810,591
Non-current VAT recoverable	2,083,276	2,960,833
Other non-current assets	77,403	82,654
Total other non-current assets	24,562,114	12,854,078
Bonds	220,000	220,000
Restricted cash	909,498	920,998
Long-term deposits	61,733	261,733
Total other financial non-current assets	1,191,231	1,402,731
Total other non-current assets	25,753,345	14,256,809

Gross amount of prepayments for non-current assets includes advances and prepayments for the following types of construction and fixed assets:

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Reconstruction and expansion of HPP-2 of ALES	629,995	150,100
Modernization of Shardara GES	11,566,935	6,777,877
Construction of administrative building	2,200,000	2,200,000
Construction and reconstruction of substations in Almaty and Almaty region	6,532,658	302,244
Modernization and reconstruction of equipment for the transmission and distribution of electricity in Mangystau region	1,333,881	54,473
Other	137,966	325,897
Total prepayments for non-current assets	22,401,435	9,810,591

Non-current VAT recoverable

Non-current VAT recoverable represent asset on input VAT recognised as a result of purchase of goods and services at the territory of the Republic of Kazakhstan mainly for the construction of Moinak HPS. Management believes that this amount will be recovered in full in the future as Moinak HPS has been put into operation.

9 Inventories

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Auxiliary production materials	5,863,281	3,369,630
Fuel	4,094,439	5,188,317
Spare parts	2,711,506	6,191,721
Raw materials	86,598	31,866
Other materials	669,099	699,913
Less: provision for write down to net realisable value and provision for slow-moving and obsolete inventories	(1,147,565)	(1,703,492)
Total inventories	12,277,358	13,777,955

SAMRUK-ENERGY JSC
Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2016

10 Trade and Other Receivables

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Trade receivables	13,085,300	18,348,676
Less: impairment provision	(1,074,286)	(1,038,111)
Total financial receivables	12,011,014	17,310,565
Other receivables	4,064,043	6,449,714
Less: impairment provision	(3,719,512)	(3,917,441)
Total trade and other receivables	12,355,545	19,842,838

Trade and other receivables are financial receivables of the Company and as at 30 September 2016 and 31 December 2015 are denominated in Tenge. Their carrying values approximate to fair values due to the short-term nature.

11 Other Current Assets

<i>In thousands of Kazakhstan Tenge</i>	30 September 2016	31 December 2015
Term deposits	22,233,767	30,107,680
Bonds	6,818,956	6,830,737
Restricted cash denominated in USD	6,686,030	5,695,685
Dividends receivable	253,340	2,108,905
Total other current financial assets	35,992,093	44,743,007
VAT recoverable and prepaid taxes	3,537,092	3,430,740
Advances to suppliers	2,275,697	1,099,783
Assets held for the benefit of the Shareholder	1,050,878	988,787
Other	647,460	604,648
Total other current assets	7,511,127	6,123,958
Total other current assets	43,503,220	50,866,965

Term deposits are denominated in following currencies:

<i>In thousands of Kazakhstan Tenge</i>	30 September 2016	31 December 2015
US Dollars	17,386,953	28,212,446
Kazakhstani Tenge	4,846,814	1,895,234
Total term deposit	22,233,767	30,107,680

Restricted cash represents cash received from electricity sales placed to the pledge account according to the loans agreement with the Development Bank of Kazakhstan and the Development Bank of China. Management believes that it will be able to use this cash not only for the repayment of interest on loans, but also for covering its operating expenses. Restricted cash balances are held in USD.

Bonds include bonds issued by "NC "Kazakhstan Engineering" for the amount of 20,000 thousand US dollars. The maturity date is December of 2016.

On behalf of the Shareholder, the Group made a commitment for the construction of a kindergarten in Astana for the amount of Tenge 1,174,068 thousand, which was recorded as other distribution to shareholders. The Group has accrued liability for the estimated amount of construction for amount of Tenge 1,174,068 thousand as other distributions to shareholder (Note 21). As at 31 December 2015, the Company incurred expenses associated with the construction of a kindergarten of Tenge 1,050,878 thousand. These actually incurred expenses are recorded as current assets held for the benefit of shareholders, as it is expected that these assets will be transferred to the shareholder during 2016 as the

distribution of income to the shareholder pursuant to the Protocol of the meeting with the participation of the President of Kazakhstan on 27 November 2013.

12 Cash and Cash Equivalents

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Cash at current bank accounts	5,547,508	19,465,578
Demand deposits	14,794,726	12,444,844
Cash on hand	54,512	17,089
Total cash and cash equivalents	20,396,746	31,927,511

Term deposits and bank deposits have contractual maturity terms less than three months and are receivable on demand.

Cash and cash equivalents balances are denominated in the following currencies:

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Kazakhstani Tenge	19,949,507	22,017,179
US Dollar	299,777	5,915,648
Other currencies	147,462	3,994,684
Total cash and cash equivalents	20,396,746	31,927,511

13 Equity

Share capital

	Issue date	Number of authorised and issued shares	Value per share, Tenge	Share Capital, (thousands of Tenge)
Balance at 1 January 2014		5,463,437		233,946,269
Payment of unpaid portion of previous issues:				
11 th issue of shares	26 of March 2014	21,000	1,000,000	21,000,000
12 th issue of shares	6 of October 2014	100,000	1,000,000	100,000,000
13 th issue of shares	1 of September 2014	1,000	418,117	418,117
Balance at 31 December 2014		5,585,437		355,364,386
Payment of unpaid portion of previous issues:				
14 th issue of shares	15 of July 2015	286	1,000,065	286,019
Balance at 31 December 2015		5,585,723		355,650,405
Payment of unpaid portion of previous issues:				
15 th issue of shares	6 of April 2016	10,964	1,000,044.053	10,964,483
16 th issue of shares	14 of July 2016	2,239	1,340,000	3,000,260
17 th issue of shares	23 of August 2016	2,761	1,340,000	3,699,740
Balance at 30 September 2016		5,601,687		373,314,888

At 30 September 2016, 5,601,687 issued common shares were fully paid (31 December 2015: 5,585,723 shares). Each ordinary share carries one vote. The Company does not have any preference shares.

Dividends declared

On 22 April 2016 the Group has declared dividends to its only shareholder for amount of Tenge 2,041,000 thousand.

Other reserves

	Merger reserve	Result of transactions with shareholders	Other comprehensive loss	Total
<i>In thousands of Kazakhstani Tenge</i>				
Balance at 1 January 2015	37,282,287	18,025,646	(314,836)	54,993,097
Other comprehensive loss	-	-	(34,858)	(34,858)
Balance at 30 September 2015	37,282,287	18,025,646	(349,694)	54,958,239
Balance at 1 January 2016	37,282,287	90,607,549	(311,730)	127,578,106
Other comprehensive loss			(1,138)	(1,138)
Balance at 30 September 2016	37,282,287	90,607,549	(312,868)	127,576,967

14 Borrowings

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Non-current portion		
Loan from Samruk-Kazyna	54,589,927	54,355,849
Bonds issued	173,566,093	175,813,521
Bank term loans	146,284,569	108,113,692
Loans from customers	2,210,108	1,875,738
Total borrowings-non-current portion	376,650,697	340,158,800
Current portion		
Bank term loans	21,755,820	66,212,250
Bonds issued	1,831,140	387,285
Loan from Samruk-Kazyna	2,732,190	3,181,244
Loans from customers	773,274	613,445
Notes payable	450,358	450,358
Total borrowings-current portion	27,542,782	70,844,582
Total borrowings	404,193,479	411,003,382

Presented below are carrying amounts of borrowings by the Group entities:

<i>In thousands of Kazakhstan Tenge</i>	30 September 2016	31 December 2015
<i>Samruk-Energy</i>		
Samruk-Kazyna	57,322,116	57,537,093
ATF Bank	-	4,506,589
Halyk Bank	1,132,719	6,240,502
Kazkommertsbank	10,180,000	10,180,000
Eurobonds	169,388,987	170,040,909
Total Samruk-Energy	238,023,822	248,505,093
<i>AZhC</i>		
Loans from customers	2,395,863	2,489,183
Halyk Bank	1,909,717	1,751,291
Nurbank	-	501,166
Notes payable	450,358	450,358
Total AZhC	4,755,938	5,191,998
<i>Almaty Power Station</i>		
Halyk Bank	4,721,087	4,020,414
VTB Bank Kazakhstan	-	1,236,253
KazInvestBank	904,363	1,441,504
Other	-	1,476
Total Almaty Power Station	5,625,450	6,699,647

16 Borrowings (Continued)

<i>In thousands of Kazakhstan Tenge</i>	30 September 2016	31 December 2015
State Development Bank of China	56,052,605	58,202,820
Development Bank of Kazakhstan	22,045,388	24,583,534
Total Moinak HPS	78,097,993	82,786,354
<i>Shardara HPS</i>		
EBRD	8,916,288	7,558,750
Total Shardara HPS	8,916,288	7,558,750
<i>Aktobe TPS</i>		
Halyk Bank	300,000	250,000
Total Aktobe TPS	300,000	250,000
<i>VKREC</i>		
BankCenterCredit	246,165	999,781
Total VKREC	246,165	999,781
<i>ShygysEnergTrade</i>		
BankCenterCredit	1,050,000	-
Total ShygysEnergTrade	1,050,000	-
<i>MEDC</i>		
Bonds issued	5,892,971	6,156,272
Loans from customers	587,521	637,697
Karazhanbasmunai	296,564	164,330
Halyk Bank	2,828,644	133,333
Total MEDC	9,605,700	7,091,632
<i>AlmatyEnergoSbyt</i>		
Halyk Bank	2,508,507	2,074,567
Total AlmatyEnergoSbyt	2,508,507	2,074,567
<i>PVES</i>		
Eurasian Development Bank	12,876,305	14,310,421
Total PVES	12,876,305	14,310,421
<i>EGRES-1</i>		
SberBank	-	23,485,611
Halyk Bank	40,597,177	12,049,528
Total EGRES-1	40,597,177	35,535,139

16 Borrowings (Continued)

Below table represents carrying amounts and fair values of borrowings.

<i>In thousands of Kazakhstan Tenge</i>	<u>Carrying amounts</u>		<u>Fair values</u>	
	2016	2015	2016	2015
Bonds	175,397,233	176,200,806	170,066,543	164,224,827
Loans from customers	2,983,382	2,489,183	3,210,248	3,240,899
Bank term loans	168,040,389	174,325,942	163,266,603	172,656,240
Notes payable	450,358	450,358	450,358	450,358
Loan from Samruk-Kazyna	57,322,117	57,537,093	25,618,196	47,960,689
Total borrowings	404,193,479	411,003,382	362,611,948	388,533,013

The following borrowings were obtained after the year ended 31 December 2015:

Samruk-Energy

On 31 of March 2016 Group repaid short-term loan received from ATF Bank in the amount of Tenge 4,506,589 thousand.

AZhC*Halyk Bank of Kazakhstan*

On 30 June 2015 AZhC and Halyk Bank of Kazakhstan JSC thereafter (thereafter "Halyk Bank") signed an agreement on a credit line of Tenge 1,745,211 thousand with an interest rate of 13.0% per annum in Tenge for 5 years. The purpose of the credit line was on reconstruction and new construction of 0.4 kW HV line on PDZ-5 with a transfer to self-supporting insulated wire, reconstruction 6-10/0.4 kW which does not meet requirements and construction of 6-10/0.4 kW. As a security of obligations under the agreement, Halyk Bank was provided (will be provided) with a collateral:

- movable goods – money on current accounts with the Bank, including those coming in the future (Note 12).
- movable and immovable goods, which will be purchased/built/reconstructed at the expense of borrowings.

On 30 June 2015 as part of this credit line a tranche of Tenge 247,471 thousand was received. The loan is repaid on a monthly basis, by equal instalments, starting from 30 July 2016 to 30 June 2020. The repayment is regulated by repayment schedules as per loan agreements.

On 24 December 2015 AZhC concluded additional agreement on the increase in the credit line to Tenge 3,245,211 thousand and received a tranche of Tenge 1,500,000 thousand with an interest rate of 14.0% for 12 months. The purpose is to replenish the working capital. The loan is repaid on a monthly basis, by equal instalments, starting from the date the tranche was received.

On 2 March 2016 as part of this credit line a tranche of Tenge 799,189 thousands was received with an interest rate of 20.0% per annum. The loan is repaid on a monthly basis, by equal instalments, starting from 30 July 2016 until 30 June 2020. Payment is regulated by repayment schedule in accordance with the loan agreements. On 12 April 2016 the interest rate on this tranche was reduced to 16.0% per annum.

EGRES-1*Sberbank*

During 2014 EGRES-1 received a short-term general purpose loan in the amount of 13,000,000 thousand tenge from JSC "Sberbank of Russia" to replenish the working capital with a period from 20 May 2014 to 19 May 2015. According to the terms of the contract the interest rate is effective and is 10% per annum. In May 2015 EGRES-1 fully repaid the loan.

During April 2015 company prolonged its credit line with JSC "Sberbank of Russia" and obtained a short-term bank loan for the amount of Tenge 15,000,000 thousand for the period of one year from 20 May 2015 until 19 May 2016. According to the terms of the contract the interest rate is fixed and equal to 14% per annum. During 2016, the Company fully repaid the debt to JSC "Sberbank of Russia" by restructuring to JSC "Halyk Bank of Kazakhstan".

16 Borrowings (Continued)

Halyk Bank of Kazakhstan

On 8 April 2015 a loan agreement with “Halyk Bank of Kazakhstan” JSC was signed for the amount of Tenge 12,000,000 thousand for one year. The loan was granted to replenish the working capital for a period of 12 months. The interest rate was 14% per annum. On 7 April 2016 Company prolonged this credit line for one year starting from 7 April 2016 to 7 April 2017. The interest rate is fixed and according to the agreement is 16% per annum.

On 12 May 2016, the additional agreement was concluded and amended loan agreement with JSC “Halyk Bank of Kazakhstan”. The credit limit has been increased and on 16 May 2016, the Company restructured loans from JSC “Sberbank of Russia” with maturity up to 7 April 2021. According to the terms of the contract, the rate is fixed which is 15% per annum. On 18 May 2016, Company extended previously obtained loan in the amount of Tenge 12,000,000 thousand from 18 May 2016 to 7 April 2021.

On 27 May 2016, Company concluded additional agreement with JSC “Halyk Bank of Kazakhstan” and received a loan for the amount of Tenge 3,000,000 thousand for one year period. According to the terms of the contract, the rate is fixed which is 16% per annum.

ShygysEnergoTrade

BankCenterCredit

On 18 December 2015 the Company entered into an agreement with JSC “Bank Center Credit” for an opening a credit line in the amount of Tenge 1,800,000 thousand. The credit limit granted for a period of twelve months. The purpose of providing loans was a replenishment of working capital. For 9 months of 2016 Company returned principal and interest amounts on term loans for the total amount of Tenge 330,926 thousand. As at 30 September 2016 future cash flows in the amount of Tenge 3,708,655 thousand were pledged.

The Group’s borrowings mature as follows:

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Borrowings due:		
- within 1 year	27,542,782	66,828,852
- from 2 to 5 years	270,166,301	214,759,329
- over 5 years	106,484,396	129,415,201
Total borrowings	404,193,479	411,003,382

The Group’s borrowings are denominated in the following currencies:

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Borrowings denominated in:		
- Tenge	166,205,401	169,155,971
- US Dollars	237,457,652	241,847,411
- RUS Ruble	530,427	-
Total borrowings	404,193,479	411,003,382

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures during the nine-month period ended 30 September 2015.

15 Other Non-Current Liabilities

<i>In thousands of Kazakhstan Tenge</i>	Note	30 September 2016	2015
Deferred income:			
- AZhC		2,385,013	2,741,276
- MEDC		1,479,501	1,529,902
Liabilities related to preference shares of subsidiaries		165,110	354,202
Trade payables		133,510	69,673
Other		218,075	40,357
Total other non-current liabilities		4,381,209	4,735,410

Deferred income represents the difference between the nominal value of loans from customers received by AZhC and MEDC for construction and reconstruction of power transmission lines and infrastructure to connect to electricity transmission lines and the fair value of these loans at initial recognition. The associated deferred income is subsequently recognized as profit over the useful lives of assets.

16 Trade and Other Payables

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Trade payables	11,690,721	21,182,414
Payable to Almaty Akimat	5,841,513	5,841,513
Dividends payable	2,857,335	718,770
Other financial payables	2,422,905	2,767,560
Total financial payables	22,812,474	30,510,257
Advances received from customers	3,952,445	5,179,377
Salaries payable	1,195,815	1,235,366
Accrued provisions for unused vacations	1,789,112	1,694,679
Other payables	1,187,366	3,426,940
Other distributions to shareholder (Note 11)	1,174,068	1,174,068
Total trade and other payables	32,111,280	43,220,687

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures during the nine-month period ended 30 September 2016.

17 Revenue

<i>In thousands of Kazakhstani Tenge</i>	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
Sale of electricity	132,599,125	141,899,416	43,682,284	45,037,315
Sale of heat energy	9,873,922	9,938,296	1,500,707	1,363,755
Electricity transmission and distribution services	10,910,012	9,767,128	3,648,013	3,179,620
Income from lease of renewable energy power plants	2,351,573	313,609	478,125	313,609
Income from lease of investment property	2,638,166	1,751,253	850,916	623,116
Sale of chemical water	1,218,826	1,233,666	414,536	405,395
Other	222,315	373,385	71,313	262,213
Total revenue	159,813,939	165,276,753	50,645,894	51,185,023

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

SAMRUK-ENERGY JSC
Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2016
18 Cost of Sales

	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
<i>In thousands of Kazakhstani Tenge</i>				
Depreciation of property, plant and equipment and amortisation of intangible assets	32,780,257	27,344,252	10,934,308	9,192,834
Fuel	20,300,135	22,169,260	3,068,259	4,262,594
Payroll and related expenses	20,068,502	18,456,714	6,680,648	5,970,794
Cost of purchased electricity	15,793,913	14,821,455	6,449,736	3,045,904
Electricity transmission and other services	10,809,189	10,051,617	3,481,145	3,264,676
Taxes other than on income	4,752,306	4,601,152	1,589,973	1,516,823
Materials	4,090,909	3,988,915	1,923,456	1,829,580
Third party services	4,063,103	2,719,849	1,608,288	1,256,447
Water supply	3,386,579	3,347,933	1,154,689	1,186,456
Electricity losses on transmission	3,188,267	3,013,386	952,880	955,050
Repairing and maintenance	2,362,599	3,523,928	1,199,275	1,486,512
Security service	822,126	750,633	278,198	254,869
Rent services	196,789	180,330	68,549	62,158
Provision on obsolete and slow-moving inventories	(756,972)	(131,220)	(186,060)	(5)
Other	2,124,249	4,418,581	742,766	3,248,382
Total cost of sales	123,981,948	119,256,785	39,946,107	37,533,074

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

19 General and Administrative Expenses

	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
<i>In thousands of Kazakhstani Tenge</i>				
Payroll and related expenses	4,752,331	4,856,329	1,499,849	1,438,868
Consulting and other professional services	1,329,100	555,079	257,953	233,017
Depreciation of property, plant and equipment and amortisation of intangible assets	960,004	968,084	311,287	316,777
Taxes other than on income	654,231	450,801	177,400	32,128
Rent expense	568,853	559,836	191,317	190,154
Business trip and representative expenses	229,312	216,514	109,040	71,714
Materials	202,401	183,944	75,578	60,887
Security services	195,183	179,060	67,608	60,007
Bank charges	185,452	150,361	40,199	67,628
Repair and maintenance	110,885	125,022	42,111	41,748
Communication expenses	116,556	110,539	38,552	35,659
State duty	102,539	51,659	38,434	9,915
Transportation	51,711	78,331	18,284	16,446
Insurance	77,047	170,153	27,707	29,151
Charge/(reversal) of provision for impairment of trade and other receivables and other current assets	(92,240)	(36,241)	(35,611)	(597,842)
Other	1,254,065	1,855,596	491,121	966,297
Total general and administrative expenses	10,697,431	10,475,068	3,350,830	2,972,555

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

SAMRUK-ENERGY JSC
Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2016
20 Finance Income

	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
<i>In thousands of Kazakhstani Tenge</i>				
Foreign exchange gains less losses	2,987,932	-	1,893,381	-
Interest income on bank deposits	2,282,596	1,559,344	716,484	525,606
Other	376,196	571,874	88,935	204,644
Total finance income	5,646,724	2,131,218	2,698,800	730,250

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

21 Finance Costs

	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
<i>In thousands of Kazakhstani Tenge</i>				
Foreign exchange losses less gains	-	48,266,703	-	46,275,542
Interest expense on borrowings	6,239,989	10,732,322	1,786,040	4,151,209
Interest expense on bonds	4,903,822	3,045,709	1,682,291	1,122,151
Dividends on preference shares of subsidiaries	252,292	252,289	84,097	84,094
Unwinding of the present value discount:				
- loans and financial aid from shareholders	2,561,969	1,115,620	561,756	341,932
- notes payable				
- employee benefit payable	31,250	32,468	-	3,150
- ash dump restoration provision	111,882	56,998	31,511	39,908
- loans from customers	217,817	159,572	71,983	78,479
- bonds issued	53,218	57,551	16,168	17,568
Other	421,018	673,632	274,762	54,486
Total finance costs	14,793,257	64,431,541	4,508,608	52,168,519

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

22 Taxes

	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
<i>In thousands of Kazakhstani Tenge</i>				
Current income tax	2,503,353	4,417,056	646,498	1,072,810
Deferred income tax	2,624,875	2,363,479	640,839	459,570
Total income tax expense	5,128,228	6,780,535	1,287,337	1,532,381

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

23 Taxes (Continued)

Reconciliation between the expected and the actual taxation charge is provided below:

<i>In thousands of Kazakhstani Tenge</i>	Note	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
Profit before tax under IFRS		18,039,922	(36,013,371)	5,470,192	(52,658,484)
Theoretical tax (benefit)/expense at statutory rate of 20% (2014: 20%)		3,607,985	(7,202,674)	1,094,038	(10,531,697)
Adjustments for:					
Share of profit of joint ventures not subject to income tax	7	(870,801)	1,643,084	745,198	2,214,057
Non-deductible expenses		1,321,382	5,667,743	(1,599,664)	5,099,216
Non-taxable income			-		
Temporary differences that will be recognised upon termination of investment contract		298,549	-	94,715	87,949
Withholding tax		145,097	177,004	(10,049)	47,283
Corrections of prior periods		(43,517)	7,471	(4,443)	-
Changes in unrecognised deferred income tax assets		968,080	6,487,907	875,544	4,615,573
Gain of Moynak HPS exempted from income tax		(298,547)	-	91,997	-
Total income tax expense		5,128,228	6,780,535	1,287,336	1,532,381

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

Taxes payable

<i>In thousands of Kazakhstani Tenge</i>	30 September 2016	31 December 2015
Income tax	470,215	466,619
Income tax payable	470,215	466,619
VAT	920,324	236,300
Individual income tax	183,225	312,823
Environmental taxes	401,528	647,478
Social tax	151,266	259,535
Other taxes	151,381	68,292
Taxes payable other than income tax	1,807,724	1,524,428
Total taxes payable	2,277,939	1,991,047

23 Book value per common share

Book value per common share is calculated by the formula:

$$BV_{CS} = NAV / NOCS, \text{ where}$$

BVCS – book value per common share;

NAV – net asset value;

NOCS – number of outstanding common shares.

$$\mathbf{BVCS (31 December 2015) = 479,625,474 / 5,585,723 = 85,866 \text{ Tenge}}$$

$$\mathbf{BV_{CS} (30 September 2016) = 508,875,876 / 5,601,687 = 90,843 \text{ Tenge}}$$

Net assets calculated by the formula:

$$NAV = (TA - IA) - TL - PS, \text{ where}$$

TA – total assets;

IA – intangible assets;

TL – total liabilities;

PS – preferred stock.

$$\mathbf{NAV(31 December 2015) = (1,026,290,833 - 2,894,963) - 543,770,396 = 479,625,474 \text{ thousand tenge}}$$

$$\mathbf{NAV (30 September 2016) = (1,040,422,951 - 2,611,581) - 528,935,494 = 508,875,876 \text{ thousand tenge}}$$

24 Contingencies, Commitments and Operating Risks

Except for the information prescribed below, as of 30 September 2015 there were no contingent and contractual obligations and operational risks than those which have been disclosed in the consolidated financial statements for the year ended 31 December 2015.

Legal proceedings

In the course of normal operations, the Group is subject to litigations and claims. At present, the Group's management believes that final obligations, if any, arising from such litigations and claims will not have any significant adverse effect on the future financial position of the Group.

At 5 July 2016 LLP "Ekibastuz GRES- 1" filed a claim to Pavlodar specialized inter-district court regarding collection of Tenge 1,100,000 thousand payable from LLP "Maikuben West" under the Agreement of execution of commitments as of 10 October 2009 and Tenge 33,000 thousand of state duties paid for filling a claim. At the date of the issue of Financial Statement there is no decision made by the Court.

At 12 July 2016 JSC "Maikuben West Holding" (which is a sole participant of LLP "Maikuben West"), filed a claim to specialized inter-district economic court of Almaty for invalidation of the decision on "Maikuben – West" LLP, "Maikuben Ugol" LLP and "Ekibastuz GRES-1" LLP.

Agreement of netting as of 9 October 2009, Agreement of implementation of commitments as of 10 October 2009, a supplementary agreement # 1 as of 11 April 2012 and Agreement of instalment repayment of the principal debt and the loss of profit as of 28 January 2013. At the date of the issue of Consolidated Interim Financial Statement there is no decision made by the Court.

Capital commitments

As at 30 September 2016 the Group had contractual commitments to purchase the property, plant and equipment for Tenge 116,065,539 thousand (31 December 2015: Tenge 128,417,221 thousand).

Capital commitments of joint ventures

As at 30 September 2016 the Group's share in capital expenditure commitments of Forum Muider and ERGES-2 comprised Tenge 52,333,191 thousand (31 December 2015: Tenge 49,037,395 thousand).

Contingent liabilities of joint ventures

In previous periods LLP "Bogatyr Komir", a subsidiary of Forum Muider (hereinafter "BCK LLP"), has been involved in litigation with the JSC National Company "Kazakhstan Temir Zholy" (hereinafter "the JSC NC KTZ") in respect of the appeal by the Company of penalties by the JSC NC KTZ for fees and charges for the use of railway cars for a total amount of Tenge 1,796,764 thousand. During the six months ended 30 June 2016, at the appeal of JSC NC KTZ Decision of the Trial Chamber of the Supreme Court as at 9 March 2016 was made. Court decided to approve the application in the amount of Tenge 306,742 thousand in relation to the request for payment by the JSC NC KTZ the duties and fees for the use of railway cars. BK LLP made a payment on 17 March 2016 and recorded this amount to selling expenses.

On 13 July 2016 the Supreme Court handed down a decision on the recovery of charges for the use of railway cars in the amount of Tenge 208,667 thousand. BK LLP accrued a provision for this amount as at 30 June 2016.

In 3d Quarter "BCK LLP" made payment to JSC NC KTZ according to the decision of the Supreme Court for the amount of 1,113,934 thousand Tenge and included this amount in the cost of sales of products and VAT offset. For the 3rd quarter of 2016 785,917 thousand Tenge were incurred as distribution costs, 208,667 thousand Tenge was deducted from reserve incurred in the 1st half of 2016, VAT offset 119,350 thousand Tenge. Manual "BCK" LLP believes that as at 30 September 2016 there are no grounds for the creation of a reserve for the remainder of the amount of 125,562 thousand tenge, despite the fact that at the moment cassation LLP "BCK" to cancel the decision of SIEC to satisfy the requirement JSC NC KTZ in the amount of 125,562 thousand tenge dismissed. At the date of presentation of the financial statements, the Company has the opportunity to submit an application for review of the decision of the court of cassation to the Supreme Court of the Republic of Kazakhstan. Resolution of the Appeals Board from a decision dated 8 February 2016 SIEC from 2 November of 2015. Appeals of NC KTZ were overruled. As of the approval of this financial statement there is no information on the review of the JSC NC KTZ Appeal in the amount of 150,051 thousand Tenge by the Supreme Court.

Loan covenants

The Group has certain covenants on loans and Eurobonds. Failure to comply with these covenants may result in negative consequences for the Group including growth in borrowing costs and the declaration of default. As at 30 September 2016 and 31 December 2015 the Group complied with its covenants.

25 Principal Subsidiaries, Associates and Joint Ventures

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
Subsidiaries:				
<i>Alatau Zharyk Company JSC</i> ("AZhC")	Electricity transmission and distribution in Almaty and the Almaty region	100%	100%	Kazakhstan
<i>Almaty Power Stations JSC</i> ("ALES")	Production of electricity, heat energy and hot water in Almaty and the Almaty region	100%	100%	Kazakhstan
<i>Aktobe Thermal Power Station JSC</i> ("Aktobe TPS")	Production of electricity, heat energy and hot water in Aktobe city	100%	100%	Kazakhstan
<i>AlmatyEnergoSbyt LLP</i> ("AlmatyEnergoSbyt")	Sale of electricity in Almaty city and region	100%	100%	Kazakhstan
<i>Shardara HPS JSC</i> ("Shardara HPS")	Production of electricity on the basis of water resources in the Southern Kazakhstan	100%	100%	Kazakhstan
<i>Moinak HPS JSC</i> ("Moinak HPS")	Production of electricity on hydropower station	100%	100%	Kazakhstan
<i>Mangistau Electricity Distribution Company JSC</i> ("MEDC")	Transmission of electricity, technical distribution of electricity within the network for oil and other companies, and sale of electricity to the remote rural districts of the Mangistau region of the Republic of Kazakhstan.	78.6%	78.6%	Kazakhstan
<i>Tegjis Munai LLP</i>	Gas field exploration and development activities	100%	100%	Kazakhstan
<i>Ekibastuzskaya GRES-1 named after Bulat Nurzhanov</i> ("EGRES-1")	Production of electricity and heat energy on the basis of coal	100%	100%	Kazakhstan
<i>Bukhtarminskaya HPS JSC</i> ("Bukhtarminskaya HPS")	Owner of Bukhtarminskaya hydropower station transferred under lease arrangement	91%	91%	Kazakhstan
<i>Ust-Kamenogorskaya HPS JSC and Shulbinskaya HPS JSC</i> (together referred to as "Hydropower companies")	Owners of Ust-Kamenogorskaya and Shulbinskaya hydropower stations transferred under concession agreement. From the moment of transfer of the hydropower stations to concession, these entities are dormant	90%	90%	Kazakhstan
<i>Samruk Green Energy LLP</i>	Development of renewable electricity	100%	100%	Kazakhstan
<i>First Wind Turbine LLP</i>	Development of renewable electricity. The company is constructing a wind farm near to Astana.	100%	100%	Kazakhstan
<i>Energiya Semirechiya LLP</i> ("ES")	Finalized construction of Solar plant near Almaty	51%	51%	Kazakhstan
<i>Yereymentau Wind Power LLP</i> ("YWP")	The company is constructing a wind farm.	100%	100%	Kazakhstan
<i>East-Kazakhstan regional electricity distribution company</i> ("EKREDC")	Provision of the services on the transmission and technical distribution of electricity in East Kazakhstan	100%	100%	Kazakhstan
<i>Shygys Energo Trade LLP</i> ("SET")	Sale of electricity in East Kazakhstan region	100%	100%	Kazakhstan
<i>Kazgidrotechenergo LLP</i>	Development of renewable electricity	100%	100%	Kazakhstan
<i>Teploenergomash LLP</i>	Development of renewable electricity	100%	100%	Kazakhstan
<i>Energy Solutions LLP</i>	Transportation and other services	100%	100%	Kazakhstan

26 Principal Subsidiaries, Associates and Joint Ventures (Continued)**Associates:**

<i>Balkhashskaya TES</i>	Construction of Balkhash thermal power station	49.99%	49.99%	Kazakhstan
--------------------------	------------------------------------------------	--------	--------	------------

Joint ventures:

<i>Stantciya Ekibastuzskaya GRES-2 JSC ("EGRES-2")</i>	Production of electricity and heat energy on the basis of coal	50%	50%	Kazakhstan
<i>Forum Muider BV («Forum Muider»)</i>	Company holding 100% charter in <i>Bogatyr Komir</i> (Company involved in production of power generating coal) and a range of companies incorporated in the Russian Federation and the Republic of Cyprus, and not engaged in significant operations	50%	50%	Netherlands

26 Financial Risk Management**Financial Risk Factors**

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2015.

There have been no changes in the risk management department or in any risk management policies since the year end.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In accordance with the Group policy on formation and monitoring of development plans the Group manages the liquidity risk using short-term (one month) forecasts and also mid-term forecast for the next five years. In addition, the Group develops and approves development strategy of the Group for the next five years (currently until 2019). In planning cash flows the Group also accounts for income from temporary excess cash using the bank deposits.

27 Fair Value of Financial Instruments**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level 3 measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

All the Group's financial instruments are carried at amortised cost. Their fair values in level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique.

Financial assets carried at amortised 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 the short-term nature of financial receivables, their carrying amounts approximate fair values.

28 Fair Value of Financial Instruments (Continued)

Financial liabilities carried at amortised cost

The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Due to the short-term nature of financial payables, their carrying amounts approximate fair values.

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

In thousands of Kazakhstani tenge	30 September 2016				31 December 2015			
	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value
ASSETS								
Cash and cash equivalents	-	-	20,396,746	20,396,746	-	-	31,927,511	31,927,511
Restricted cash	-	-	7,595,528	7,595,528	-	-	6,616,683	6,616,683
Term deposit	-	-	22,295,500	22,295,500	-	-	30,369,413	30,369,413
Financial receivables	-	-	12,011,014	12,011,014	-	-	17,508,109	17,508,109
Dividends receivable	-	-	253,340	253,340	-	-	2,108,905	2,108,905
Fair value of future minimum lease payments on operating lease of Bukhtarminskaya HPS	-	-	11,657,727	694,510	-	-	6,144,842	774,702
Short term loans	-	-	-	-	-	-	-	-
Bonds	6,989,885	-	-	7,038,956	6,835,820	-	-	7,050,737
Total Financial assets	6,989,885	-	74,209,855	70,285,594	6,835,820	-	94,675,463	96,356,060
LIABILITIES								
Borrowings	170,066,543	-	192,545,405	228,345,889	164,224,827	-	224,308,186	411,003,381
Financial payables	-	-	22,812,474	22,812,474	-	-	30,510,280	30,510,280
Non-current trade payables	-	-	133,510	133,510	-	-	69,673	69,673
Other financial liabilities	-	-	165,110	165,110	-	-	354,202	354,202
Total Financial liabilities	170,066,543	-	215,656,499	427,304,573	164,224,827	-	255,242,341	441,937,536

28 Events Occurring After the Reporting Period

During October 2016 for the purposes of replenishing the working capital "Shygysenergotreid" LLP received three loan tranches from JSC "Bank Center Credit" in the total amount of 1,155,000 thousand.Tenge at the rate of 16% per annum.

On October 4, 2016 "Shardara HPP" JSC has received the tranche in the amount of 2,600,000 thousand.Tenge from the European Bank for Reconstruction and Development for the modernization of the Shardara hydropower plant at a rate of 3.9% plus the bank's total costs under the Loan Agreement.

On October 18, 2016 JSC "MEDC" received funding in the amount of 1,656,000 thousand Tenge at the rate of 17% for a credit line of JSC "Bank CenterCredit" for the services of the contractor under the project "Construction of 220 kV transmission line Aktau-Karajanbas".

On October 27th dividend were paid to the Shareholder in the amount of 2,041,000 thousand tenge in accordance with the decision of the Shareholder.