



SAMRUK-ENERGY JSC

Condensed Consolidated Interim Financial Statements (unaudited)

30 September 2018

Contents

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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	10
2 Basis of Preparation and Significant Accounting Policies	11
3 Changes in accounting policies	12
4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies	20
5 Segment Information	25
6 Balances and Transactions with Related Parties	28
7 Property, Plant and Equipment	31
8 Investments in Joint Ventures and Associates	32
9 Other Non-Current Assets	32
10 Inventories	33
11 Trade and Other Receivables	33
12 Other Current Assets	34
13 Cash and cash equivalents	34
14 Non-current Assets Held for Sale and Disposal Groups	34
15 Equity	36
16 Borrowings	36
17 Other Non-Current Liabilities	39
18 Trade and Other Payables	39
19 Revenue	40
20 Cost of Sales	40
21 General and Administrative Expenses	41
22 Finance Income	42
23 Finance Costs	42
24 Taxes	43
25 Contingencies, Commitments and Operating Risks	43
26 Fair Value of Financial Instruments	44
27 Events Occurring After the Reporting Period	45


Samruk-Energy JSC
Condensed Consolidated Interim Statement of Financial Position (unaudited)

<i>In thousands of Kazakhstani Tenge</i>	Note	30 September 2018 (unaudited)	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	7	765,928,626	780,565,005
Investment property		454,513	531,852
Intangible assets		4,945,235	3,799,095
Investments in joint ventures and associates	8	60,174,324	52,888,220
Other non-current assets	9	17,371,120	17,991,254
Total non-current assets		848,873,818	855,775,426
Current assets			
Inventories	10	8,786,104	9,046,924
Trade and other receivables	11	18,354,492	23,956,827
Other current assets	12	21,000,743	18,531,019
Income tax prepaid		1,197,420	1,432,148
Cash and cash equivalents	13	9,042,840	32,719,043
Assets of disposal group, classified as held-for-sale	14	14,790,540	14,816,829
Total current assets		73,172,139	100,502,790
TOTAL ASSETS		922,045,957	956,278,216

Signed on behalf of management on 29 October 2018.


 Yerlan Zh Aliyev
 Acting Managing Director on
 Economics and Finance





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


Samruk-Energy JSC
Condensed Consolidated Interim Statement of Financial Position (unaudited)

<i>In thousands of Kazakhstan Tenge</i>	Note	30 September 2018 (unaudited)	31 December 2017
EQUITY			
Share capital	15	373,314,888	373,314,888
Other reserves	15	127,405,740	127,546,130
Retained earnings		(14,803,401)	(22,057,982)
Equity attributable to the Group's equity holders		485,917,227	478,803,036
Non-controlling interest		882,748	707,640
TOTAL EQUITY		486,799,975	479,510,676
LIABILITIES			
Non-current liabilities			
Provision for liquidation of ash dump		2,526,896	2,279,270
Employee benefit obligations		1,616,910	1,314,015
Borrowings	16	268,597,381	312,574,158
Other non-current liabilities	17	4,781,612	4,443,216
Deferred income tax liabilities	24	81,822,415	82,058,114
Total non-current liabilities		359,345,214	402,668,773
Current liabilities			
Provision for liquidation of ash dump		303,533	125,000
Borrowings	16	40,415,024	45,912,886
Employee benefit obligations		123,384	120,361
Trade and other payables	18	25,449,900	24,897,537
Taxes payable and other payables to budget	24	3,861,589	2,600,743
Income tax payable	24	5,670,721	369,334
Liabilities of disposal group, classified as held-for-sale	14	76,617	72,906
Total current liabilities		75,900,768	74,098,767
TOTAL LIABILITIES		435,245,982	476,767,540
TOTAL LIABILITIES AND EQUITY		922,045,957	956,278,216

Signed on behalf of management on 29 October 2018.


 Yerlan Zh Aliyev
 Acting Managing Director on
 Economics and Finance




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

Samruk-Energy JSC
Condensed Consolidated Interim Statement of Financial Position (unaudited)

<i>In thousands of Kazakhstan Tenge</i>	Note	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)
Revenue	19	192,107,267	157,254,689	60,038,586	51,021,704
Cost of sales	20	(134,347,609)	(114,145,977)	(42,747,687)	(37,858,899)
Gross profit		40,610,035	29,945,825	15,000,108	10,444,833
Selling expense		(11,392,790)	(10,759,605)	(2,272,501)	(3,528,642)
General and administrative expenses	21	(9,638,494)	(10,102,898)	(2,612,694)	(2,788,229)
Share in profit of joint ventures and associates	8	7,685,848	(2,059,269)	1,050,080	(2,347,803)
Recovery of impairment of assets/(Impairment of assets)		114,582	(15,441)	(13,347)	
Finance income	22	1,674,540	1,975,420	501,050	663,797
Finance costs	23	(30,206,325)	(22,076,305)	(10,865,021)	(16,742,825)
Other income/(loss), net		1,004,018	1,104,021	460,004	335,809
Profit before income tax		17,001,037	1,174,635	3,538,470	(11,245,088)
Income tax expense	24	(6,648,283)	(3,032,699)	(2,198,799)	(851,498)
Profit for the period from continuing operations		10,352,754	(1,858,064)	1,339,671	(12,096,586)
Profit from discontinued operations		(132,932)	3,625,583	(53,610)	1,228,643
Profit for the period		10,219,822	1,767,519	1,286,061	(10,867,943)
Other comprehensive income/(loss)					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of post-employment benefit obligations		(140,390)	34,241	(115,846)	44,797
Total comprehensive income/(loss) for the period		10,079,432	1,801,760	1,170,215	(10,823,146)
Profit is attributable to:					
Equity holders of the Group		10,044,714	1,311,524	1,224,987	(11,118,944)
Non-controlling interest		175,108	455,995	61,074	251,001
Profit/(loss) for the period		10,219,822	1,767,519	1,286,061	(10,867,943)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Group		9,904,324	1,345,765	1,109,141	(11,074,147)
Non-controlling interest		175,108	455,995	61,074	251,001
Total comprehensive income/(loss) for the period		10,079,432	1,801,760	1,170,215	(10,823,146)

SAMRUK-ENERGY JSC
Consolidated Statement of Profit and Loss and Other Comprehensive Income (unaudited)

<i>In thousands of Kazakhstan Tenge</i>	Note	Attributable to equity holders of the Group				Non- controlling interest	Total equity
		Share capital	Other reserves	Retained earnings	Total		
Balance at 1 January 2017		373,314,888	127,639,376	12,481,878	513,436,142	3,159,992	516,596,134
Profit for the period (unaudited)		-	-	1,311,524	1,311,524	455,995	1,767,519
Other comprehensive income (unaudited)		-	34,242	-	34,242	-	34,242
Total comprehensive income/(loss) (unaudited)		-	34,242	1,311,524	1,345,766	455,995	1,801,761
Dividends	15	-	-	(4,704,896)	(4,704,896)	-	(4,704,896)
Balance at 30 September 2017 (unaudited)		373,314,888	127,673,618	9,088,506	510,077,012	3,615,987	513,692,999
Balance at 31 December 201		373,314,888	127,546,130	(22,057,982)	478,803,036	707,640	479,510,676
The impact of the transition to new standard IFRS 9		-	-	(749,133)	(749,133)	-	(749,133)
Adjusted Balance at 1 January 2018		373,314,888	127,546,130	(22,807,115)	478,053,903	707,640	478,761,543
Profit for the period (unaudited)		-	-	10,044,714	10,044,714	175,108	10,219,822
Other comprehensive income (unaudited)		-	(140,390)	-	(140,390)	-	(140,390)
Total comprehensive income/(loss) (unaudited)		-	(140,390)	10,044,714	9,904,324	175,108	10,079,432
Dividends	15	-	-	(2,041,000)	(2,041,000)	-	(2,041,000)
Balance at 30 September 2018 (unaudited)		373,314,888	127,405,740	(14,803,401)	485,917,227	882,748	486,799,975

АО «САМУК-ЭНЕРГО»
**Сокращенный консолидированный промежуточный отчет о движении денежных средств
(продолжение)**

<i>In thousands of Kazakhstan Tenge</i>	Note	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Cash flows from operating activities			
Total cash inflows		221,772,362	222,090,046
Sale of products and goods		165,513,051	168,214,205
Sales of services		7,344,734	10,427,409
Advances received		44,160,241	33,812,935
Dividends and other receivables from associates		1,680,397	6,289,276
Others		3,073,939	3,346,221
Total cash outflows		(163,649,757)	(168,297,514)
Payments to suppliers		(54,281,452)	(65,097,675)
Advances paid		(46,668,658)	(44,397,562)
Payment of salary expenses		(20,535,626)	(24,574,420)
Payment of interest on loans received		(21,883,588)	(13,152,054)
Corporate income tax		(1,628,667)	(2,609,743)
Other payments to the budget		(14,065,061)	(14,556,074)
Others		(4,586,705)	(3,909,986)
Net cash from operating activities of continuing operations		58,122,605	53,792,532
Net cash from operating activities from discontinued operations		30,171	6,691,897
Cash flows from investing activities			
Total cash inflows		26,520,403	29,305,424
Proceeds from sale of fixed assets		171,810	170,802
Proceeds from sale of interest in jointly-controlled entities			2,580,000
Return of bank deposits		16,106,277	19,238,912
Interests received from obligations and deposits		967,621	1,740,501
Others		9,274,695	5,575,209
Total cash outflows		(48,749,330)	(59,155,213)
Acquisition of fixed assets		(21,185,775)	(38,623,290)
Purchase of intangible assets		(1,034,710)	(168,259)
Acquisition of shares in associates		(13,915,399)	(13,182,774)
Placement of bank deposits		(12,613,446)	(7,180,890)
Others		26,520,403	29,305,424
Net cash from investing activities of continuing operations		(22,228,927)	(29,849,789)
Net cash from investing activities from discontinued operations		(38,198)	(7,612,654)
Cash flows from financing activities			
Total cash inflows		44,168,427	137,637,260
Proceeds from short-term loans received		13,246,952	16,849,061
Proceeds from long-term loans received		30,909,583	100,698,261
Proceeds from issued debt securities (obligations)		-	20,084,686
Other		11,892	5,252
Total cash outflows		(103,486,202)	(66,060,251)
Payment of principal on short-term loans received		(13,442,535)	(17,909,147)
Payment of principal on long-term loans received		(87,595,789)	(15,158,910)
Dividends paid:			
- shareholders of the parent company		(2,041,000)	(4,704,895)
- non-controlling owners		(216,873)	(295,142)
Others		(190,005)	(718,885)
Payment of principal on issued debt securities (obligations)		-	(27,273,272)
Net cash from investing activities of continuing operations		(59,317,775)	71,577,009
Net cash from investing activities from discontinued operations		-	243,769
Foreign exchange effect on Cash and cash equivalents		(260,133)	1,480,494

АО «САМРУК-ЭНЕРГО»**Сокращенный консолидированный промежуточный отчет о движении денежных средств
(продолжение)**

<i>In thousands of Kazakhstan Tenge</i>	Note	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Net (decrease)/increase in cash and cash equivalents of continuing operation		(23,684,230)	97,000,246
Net (decrease)/increase in cash and cash equivalents from discontinued operation		(8,027)	(676,988)
Cash and cash equivalents at the beginning of the year of continuing operation	13	32,719,043	17,350,461
Cash and cash equivalents at the beginning of the year from discontinued operation		11,601	1,258,132
Cash and cash equivalents at the end of the year of continuing operation	13	9,042,840	115,027,695
Cash and cash equivalents at the end of the year from discontinued operation		3,574	581,144

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 2018 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.

As of 30 September 2018 the Company’s shareholder is Samruk-Kazyna National Welfare Fund JSC (“Samruk-Kazyna”). The Company’s ultimate controlling party is the Government of the RoK.

Principal activity

The Group’s principal activities are production of electricity, heat energy, hot water on the basis of coal, hydrocarbons and water resources, and sale to households and industrial enterprises, transmission of electricity and technical distribution of electricity within the network, lease of property of power stations.

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, the Law on Competition and the Restriction of Monopolistic Activity (the “Antimonopoly legislation”). The tariff is regulated based on type of energy company and regulated by the Committee on Regulation of Natural Monopolies of the Ministry of Economics of the Republic of Kazakhstan (“Committee”) or by the relevant ministry - Ministry of Energy of the Republic of Kazakhstan.

Electricity tariffs for electricity producers are approved by the order of the Minister of Energy #160 dated 27 February 2015 on Approval of Cap for Tariffs for the period from 2016 to 2018. Tariffs for the supply of electricity produced by objects on use of renewable energy sources are fixed and approved by the Decree of the Government of Republic of Kazakhstan according to the Renewable Energy technology (separately for wind, solar and other sources), and are subject to annual indexation. Wherein financial center acts as a buyer, and energy producing organizations act as a seller. 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 the 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, Block B, 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 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statements do not include all notes that are normally included in the annual financial statements. Therefore, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017, 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 and the application of new accounting clauses, as indicated below.

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

New accounting pronouncements

Standards, amendments, amendments and interpretations applicable to annual periods beginning on 1 January 2018:

IFRS 15 «Revenue from contracts with buyers» (with amendments).

The new standard introduces a key principle, according to which revenue should be recognized when goods or services are transferred to the client, at the price of the transaction. Any separate batches of goods or services should be recognized separately, and all discounts and retrospective discounts from the price under the contract, as a rule, are distributed on separate elements. If the fee is changed for any reason, the minimum amounts should be recognized if they are not subject to a significant risk of revision. The costs associated with the receipt and conclusion of contracts with customers must be capitalized and amortized during the period of receipt of economic benefits from the contract.

The amendments to IFRS 15 do not change the underlying principles of the standard, but explain how these principles should be applied. The amendments clarify how to identify in the contract the obligation to perform (the promise of the transfer of goods or services to the buyer); how to determine whether the company is a principal (supplier of a good or service) or an agent (responsible for the organization of the delivery of goods or services), and how to determine whether revenue should be recognized at a particular point in time or during a period.

Based on an analysis of the Group's regular revenue streams, terms of individual contracts and based on facts and circumstances existing at the reporting date, the Group's management concluded that the standard did not have a significant impact on the Group's accounting policies and does not require retrospective adjustments.

IFRS 9 «Financial Instruments»

The Group adopted IFRS 9 "Financial Instruments" effective 1 January 2018, which led to changes in accounting policies and adjustments to the amounts recognized in the financial statements.

Date of entry into force and transitional provisions

The standard supersedes IAS 39 and is applicable for annual periods beginning on or after 1 January 2018. The general requirement in IFRS 9 is that the Group must apply IFRS 9 at the date of initial adoption retrospectively and does not require the recalculation of comparative periods, unless it is possible without a retrospective approach.

Summary of the main changes introduced by the standard

The standard introduces the following categories of financial assets: measured at amortized cost, measured at fair value through profit or loss, and measured at fair value, the changes of which are recognized in other comprehensive income.

2 Basis of Preparation and Significant Accounting Policies (Continued)

The classification is carried out at initial recognition and depends on the business model for the management of financial assets adopted by the Group and on the characteristics of the contractual cash flows from such instruments. IFRS 9 introduces a new model for determining impairment allowances - a model of expected credit losses. Most of the requirements of IAS 39 for the classification and measurement of financial liabilities have been transferred to IFRS 9 unchanged. Key changes include: (i) financial liabilities measured at fair value through profit or loss - recognition of the effects of changes in credit risk in other comprehensive income and; (ii) for financial liabilities at amortized cost - the effect of the review, which does not result in the derecognition of the liability, is recognized immediately in profit or loss. With respect to hedge accounting, the amendments were aimed at greater consistency with risk management practices. This does not apply to the Group because the Group does not apply hedge accounting.

The impact of the adoption of this standard and new accounting policies are disclosed in Note 3.

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 2018 that will significantly increase the Group's expenses, downtime of power units and decreased level of electricity production.

Exchange rates

As of September 30, 2018, the official exchange rate used to translate balances in foreign currency was Tenge 363.07 for 1 US dollar (31 December 2017: Tenge 332.33 for 1 US dollar) and Tenge 5.52 for 1 Russian ruble (31 December 2017: Tenge 5.77 for 1 Russian ruble).

3 Changes in accounting policies

This note discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods and explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Company's consolidated condensed interim financial statements.

Financial instruments

(i) Classification of financial assets

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

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

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

(ii) Debt instruments - Financial assets measured at amortised cost

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

3 Changes in accounting policies (Continued)

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

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

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

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

A gain or loss on a fair value measurement of debt investment is recognised in profit or loss and presented net in the statement of profit or loss within "fair value gains/losses on financial instruments" in the period in which it arises, except for interest income which is calculated using the effective interest rate method and included in "interest income".

(v) Impairment of financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI)

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI regardless of whether there are any impairment indicators. For short-term trade receivables without a significant financing component the Company applies a simplified approach required by IFRS 9 and measures the loss allowance at expected lifetime credit losses from initial recognition of the receivables. The Company uses a provision matrix in which loss allowances are calculated for trade receivables falling into different ageing or overdue periods. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics i.e. receivables from individual customers and receivables from corporate customers. The non-recoverability analysis is conducted for the last 2-3 years in order to determine the general default ratio. The default rates are calculated for each 30 days ageing intervals between 30 days and 360 days. In order to determine the default rate for a given ageing interval the Company uses a "migration matrix". The method assumes analysis of each invoice balance and calculates the percentage rate of receivables passing to the next ageing or overdue payment interval. Based on mathematical operations default rates are determined at the date of origination of the receivable and for each successive overdue payment interval.

The Company follows a three-stage model for impairment for balances, excluding trade receivables:

- Stage 1 – balances, for which the credit risk has not increased significantly since initial recognition. The expected credit losses are determined based on the probability of default within 12 months (i.e. the entire expected credit loss multiplied by the probability that the loss will occur within the next 12 months),
- Stage 2 – comprises balances for which there has been a significant increase in credit risk since initial recognition but which do not have objective evidence of impairment; the expected credit losses are determined based on the probability of default over the entire contractual period (lifetime),
- Stage 3 – comprises balances with objective evidence of impairment.

3 Changes in accounting policies (Continued)

Trade receivables are classified either to Stage 2 or Stage 3:

- Stage 2 – comprises receivables for which the simplified approach was applied to measure the expected lifetime credit losses, except for certain trade receivables classified in Stage 3,
- Stage 3 – comprises trade receivables which are overdue more than 90 days or individually identified as impaired.

The Company considers the following indicators for assessment of significant increase in credit risk of a loan:

- the loan is overdue by at least 30 days;
- there have been legislative, technological, or macroeconomic changes with a significant negative impact on the borrower;
- there is information about significant adverse events in relation to the loan or other loans of the same borrower with other lenders, such as termination of loans, breach of covenants, renegotiations due to financial difficulties etc.;
- the borrower lost a significant customer or a supplier or otherwise experienced significant adverse changes in its market.

Financial assets are written-off, in whole or in part, when the Company practically exhausted all recovery efforts and has concluded that there is no reasonable expectation of recovery. This normally occurs when the asset is over 360 days overdue.

(vi) Modification of financial liabilities

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

The effect of IFRS 9 on the Company's financial statements – general information

The Company decided to implement the standard as of 1 January 2018 without restating comparatives. This means that the data presented for 2017 and 2018 is not comparable. The adjustments related to the application of IFRS 9 were recognised on 1 January 2018 with the corresponding effects recorded in equity. As at the date of these interim financial statements the Company finalised implementation of IFRS 9 and does not expect any further changes to the impact assessment disclosed below.

3 Changes in accounting policies (Continued)

Comparison of financial assets and liabilities according to IAS 39 and IFRS 9

<i>In thousands of Kazakhstan tenge</i>	IAS 39	IFRS 9	Effect on retained earnings
	Amortised cost	Amortised cost	ECL
Financial receivables			
Gross carrying amounts	25,724,020	25,724,020	-
Loss allowance	(340,500)	(782,629)	(442,129)
Long-term receivables			
Gross carrying amounts	11,660,781	11,660,781	-
Loss allowance	-	-	-
Cash and cash equivalents			
Gross carrying amounts	32,719,043	32,719,043	
Loss allowance	-	(72,822)	(72,822)
Restricted cash			
Gross carrying amounts	7,641,150	7,641,150	
Loss allowance	(328,427)	(328,898)	(471)
Dividends receivable			
Gross carrying amounts	1,281,082	1,281,082	
Loss allowance	-	(770)	(770)
Bonds			
Gross carrying amounts	3,274,405	3,274,405	
Loss allowance	(1,278,151)	(1,315,090)	(36,939)
Term deposits			
Gross carrying amounts	5,066,348	5,066,348	
Loss allowance	-	(79,203)	(79,203)
Total	85,419,751	84,787,417	(632,334)
Borrowings	(358,487,044)	(358,603,843)	(116,799)
Total	(358,487,044)	(358,603,843)	(116,799)
Total effect on retained earnings			(749,133)

Detailed description of adjustments and additional information

(a) Detailed description of adjustments and additional information

The previous accounting policies and information on credit risk are presented in Notes 2 and 32 of the financial statements for the year ended 31 December 2017. The previous methodology for determination of loss allowances required an entity to assess whether there were objective indications of impairment and (if there were) to estimate the loss allowance based on expected cash flows. On adoption of IFRS 9 new policies were applied and loss allowance was calculated using the expected loss model. The Company also estimated loss allowances for cash balances held at banks based on the probability of default over their contractual terms which are less than 3 months. The probabilities of default were established based on external credit ratings of the relevant banks and publicly available default data from rating agencies.

3 Changes in accounting policies (Continued)

(b) The effect of the adjustments on deferred tax

Deferred tax on the adjustments discussed above was recognised in retained earnings and other comprehensive income as appropriate.

Financial assets – classification and measurement

The Company holds the following financial assets for which there have been changes in accordance with IFRS 9:

<i>In thousands of Kazakhstan Tenge</i>	IFRS 9 30 September 2018	IFRS 9 1 January 2018	IAS 39 31 December 2017
Financial receivables	21,976,238	24,941,391	25,383,520
Long-term receivables	11,576,285	11,660,781	11,660,781
Cash and cash equivalents	9,042,838	32,646,221	32,719,043
Restricted cash	8,643,903	7,312,252	7,312,723
Term deposits	2,924,074	4,987,145	5,066,348
Bonds	1,932,957	1,959,315	1,996,254
Dividends receivables	398	1,280,312	1,281,082
Total	56,096,693	84,787,417	85,419,751

The financial assets are classified in each of the measurement categories according to the accounting policy stated in above.

Financial liabilities – classification and measurement

The Company holds the following financial liabilities for which there have been changes in accordance with IFRS 9:

<i>In thousands of Kazakhstan Tenge</i>	IFRS 9 30 September 2018	IFRS 9 1 January 2018	IAS 39 31 December 2017
Borrowings	309,012,405	358,603,843	358,487,044
Total	309,012,405	358,603,843	358,487,044

Income, expenses, gains and losses arising from financial instruments

The Company's financial instruments resulted in the following income, expenses and gains and losses recognised in the profit or loss and in other comprehensive income:

<i>In thousands of Kazakhstan Tenge</i>	IFRS 9 30 September 2018	IAS 39 30 September 2017
Impairment loss		
Impairment loss on financial receivables	(435,878)	(76,036)
Total	(435,878)	(76,036)

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

3 Changes in accounting policies (Continued)

Stages of impairment

The Company applies a three-stage model for impairment of financial assets measured at amortised cost as at 30 September 2018 and 1 January 2018 as explained in the accounting policy in Note 2. The previous accounting policies and information on credit risk are presented in Notes 2 and 32 of the financial statements for the year ended 31 December 2017.

The classification of financial assets measured at amortised cost to individual stages of impairment models is presented below:

<i>In thousands of Kazakhstan tenge</i>	IFRS 9 30 September 2018				IFRS 9 1 January 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying Amount								
Financial receivables	-	22,429,852	624,594	23,054,446	-	25,116,136	607,884	25,724,020
Cash and cash equivalents	9,045,092	-	-	9,045,092	31,563,917	1,155,126	-	32,719,043
Restricted cash	8,972,509	-	-	8,972,509	7,641,150	-	-	7,641,150
Dividends receivable	398	-	-	398	1,281,082	-	-	1,281,082
Bonds	3,227,688	-	-	3,227,688	3,274,405	-	-	3,274,405
Term deposits	2,937,765	-	-	2,937,765	5,066,348	-	-	5,066,348
Long-term receivables	11,576,285	-	-	11,576,285	11,660,781	-	-	11,660,781
Total financial assets	35,759,737	22,429,852	624,594	58,814,183	60,487,683	26,271,262	607,884	87,366,829
Loss allowances (IFRS 9)								
Trade receivables	-	(522,807)	(555,401)	(1,078,208)	-	(564,642)	(217,987)	(782,629)
Cash and cash equivalents	(2,254)	-	-	(2,254)	(72,649)	(173)	-	(72,822)
Restricted cash	(328,606)	-	-	(328,606)	(328,898)	-	-	(328,898)
Dividends receivable	-	-	-			(770)	-	(770)
Bonds	(1,294,731)	-	-	(1,294,731)	(1,315,090)	-	-	(1,315,090)
Term deposits	(13,691)	-	-	(13,691)	(79,203)	-	-	(79,203)
Total loss allowances	(1,639,282)	(522,807)	(555,401)	(2,717,490)	(1,795,840)	(565,585)	(217,987)	(2,579,412)
Carrying amount (IFRS 9)	34,120,455	21,907,045	69,193	56,096,693	58,691,843	25,705,677	389,897	84,787,417

3 Changes in accounting policies (Continued)

Movements in impairment provision for financial assets measured at amortised cost

The loss allowance for trade receivables and loans as at 30 September 2018 and 2017 reconciles to the opening loss allowance as follows:

<i>In thousands of Kazakhstan tenge</i>	30 September 2018	30 September 2017
	Financial receivables	Financial receivables
At 31 December 2017 - calculated under IAS 39	(340,500)	(217,215)
At 31 December 2017 - calculated under IAS 39	(442,129)	-
Opening loss allowance as at 1 January 2018 - calculated under IFRS 9	(782,629)	(217,216)
Loss allowance recognised in profit or loss	(435,878)	(59,614)
Recovery of impairment provision	139,850	18,347
Loss allowance recognised in profit or loss	(1,078,657)	(258,482)

Calculation of impairment losses for trade receivables

The Company applies a provision matrix to calculate expected credit losses Note 3. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company concluded that there are two homogeneous groups: (i) receivables from individual customers and (ii) receivables from corporate customers. Default rates were established on the basis of historical data from the years 2014–2017.

The collectability of receivables is estimated based on historical data as the balance comprises a group of dispersed items which are grouped based on the similarity of credit risk and past customer behaviour.

The default rates and the calculation of the loss allowance as at 1 January 2018 is presented in the tables below.

<i>In thousands of Kazakhstan tenge</i>	Receivables from individual customers					
	Total	Current	1-30 days	31-60 days	61-90 days	>90 days
Receivables as at 1 January 2018	4,223,115	3,828,778	153,908	58,326	20,628	161,475
Default rate	4.28%	0.61%	4.10%	10.31%	22.27%	86.95%
Expected credit losses	(180,756)	(23,438)	(6,311)	(6,013)	(4,593)	(140,401)
Receivables as at 1 January 2018						
Total	4,042,359	3,805,340	147,597	52,313	16,035	21,074

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

3 Changes in accounting policies (Continued)

<i>In thousands of Kazakhstan tenge</i>	Receivables from corporate customers					
	Total	Current	1-30 days	31-60 days	61-90 days	>90 days
Receivables as at 1 January 2018	21,500,905	18,727,978	2,360,407	83,948	44,526	284,046
Default rate	2.80%	2.60%	0.91%	9.85%	19.62%	26.68%
Expected credit losses	(601,873)	(487,509)	(21,590)	(8,267)	(8,734)	(75,773)
Total	20,899,032	18,240,469	2,338,817	75,681	35,792	208,273

The default rates and the calculation of the loss allowance as at 30 September 2018 is presented in the table below:

<i>In thousands of Kazakhstan tenge</i>	Receivables from individual customers					
	Total	Current	1-30 days	31-60 days	61-90 days	>90 days
Receivables as at 30 September 2018	3,933,173	3,417,940	176,733	79,149	45,826	213,525
Default rate	5.78%	0.81%	4.95%	11.89%	24.31%	79.76%
Expected credit losses	(227,150)	(27,537)	(8,752)	(9,409)	(11,142)	(170,310)
Total	3,706,023	3,390,403	167,981	69,740	34,684	43,215

<i>In thousands of Kazakhstan tenge</i>	Receivables from corporate customers					
	Total	Current	1-30 days	31-60 days	61-90 days	>90 days
Receivables as at 30 September 2018	19,121,272	9,896,415	6,196,019	1,412,278	729,682	886,878
Default rate	4.45%	0.14%	0.39%	1.44%	95.98%	10.42%
Expected credit losses	(851,058)	(13,587)	(24,332)	(20,335)	(700,359)	(92,445)
Total	18,270,214	9,882,828	6,171,687	1,391,943	29,323	794,433

3 Changes in accounting policies (Continued)

Calculation of impairment losses for loans

The loss allowance for the loans measured at amortised cost is determined using the expected credit losses in accordance with the three-stage model Note 3. For the purpose of implementing IFRS 9 an individual analysis of each loan was performed to allocate it to one of the three stages. The probability of default (12-month or lifetime – depending on its classification to stage 1 or 2) was then determined based on the individual rating of the loan and market data. The expected credit loss was then calculated based on the probability of default, the repayment profile in the loan agreement and the assessment of recoveries from collateral. The loss allowance of Tenge 36,939 thousand decreased retained loss as at 1 January 2018.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

While preparing the condensed consolidated interim financial statements, the Group uses estimates and makes assumptions that affect the accounting policies and assets and liabilities, reported income and expenses. Actual results may differ from these estimates.

The applied key accounting estimates and professional judgments are consistent with those accounting estimates and professional judgments applied in the preparation of the annual financial statements for the year ended 31 December 2017, except for the calculation of income tax provisions and adoption of new and amended standards.

Going concern principle

Management prepared these consolidated financial statements based on a going concern principle. Management's judgment is based on the Group's financial position, current intentions, profitability of operations, access to financial resources and Government's support. As of 30 September 2018 total Group's total current liabilities exceeded its total current assets for the amount of Tenge 17,595,786 thousand (except for net assets of disposal group). Reduction of current assets is associated with early repayment of long-term loans for a total of Tenge 45.23 billion to reduce the debt burden.

The following factors were considered when assessing the Group's ability to continue operating in the foreseeable future:

- The Group is of strategic importance for ensuring the reliability of Kazakhstan's energy system. The management and shareholders of the Group have no intention or need to liquidate the Group's operations.
- Current liabilities of the Group in the amount of 5,841,514 thousands tenge represent payable to the city of Almaty Akimat and by amicable agreement, do not require a cash outflow.
- In the second half of 2018, the Group expects positive cash flows from operating activities, net of outflows of capital expenditures, in the amount of Tenge 6,571,559 thousand.
- As at 30 September 2018, the Group has available funds under revolving credit lines for a total of Tenge 16,300,000 thousand.
- The Group expects to receive funds from the sale of assets of disposal group before the end of 2018.

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

These consolidated financial statements do not include any adjustment to the carrying amounts of assets and liabilities, the reported revenues and expenses, and classification in the consolidated statement of financial position that would be necessary if the Group was unable to continue its operations. Such adjustments could be material.

Impairment of non-financial assets

At each reporting date 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 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 signs of impairment of non-financial assets also requires the use of judgments and estimates in determining possible technological obsolescence of fixed assets, discontinuing operations, residual useful lives, and other changes in operating 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.

In assessing the recoverable amount of assets the Group 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.

As at 31 December 2017 the Group conducted the impairment test of property, plant and equipment and intangible assets of AZhK, ALES, EGRES-1 and GRES-2. These enterprises are the most sensitive to economic changes and are the significant enterprises of the Group.

Based on the results of the analysis for the end of the reporting period, management did not identify any indicators of impairment of non-financial assets of GRES-1, GRES-2, AJC and AALES. The main facts and assumptions used in the analysis of indicators are:

- Absence of negative changes in the economic efficiency of companies during the reporting period;
- Increase in sales volumes of electricity and heat energy by the results of the period compared to last year's period;
- Increase in tariffs for electricity and heat energy by the results of the period compared to last year's period;
- Positive dynamics in the production and consumption of electricity;
- In the medium term, Kazakhstan expects an increase in electricity sales volumes, the main drivers of which will be the increase in exports to Russia, the return of the old and the development of a new client base through the expansion of the capabilities of intercompany cooperation, the introduction of a capacity market together with the introduction of KEGOC 3rd line "North - South", and the introduction of new productions in the Republic of Kazakhstan. Therefore, the production/transmission of electricity produced by EGRES-1 and EGRES-2 will probably grow;

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

- Expected growth in the medium-term outlook for electricity production deficit in the southern zone of the Republic of Kazakhstan, where AZhK and ALES conduct operational activities;
- At the end of the period, the companies exceeded their plans for operational and financial performance indicators;
- A horizontal analysis of the actual performance indicators for 2017 and nine months of 2018 revealed the growth of the majority of income items, as well as profit and profitability indicators.

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 customers 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 volume 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. 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.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

If the estimated useful lives were different by 10% from management's estimates, the depreciation for the period ended 30 September 2018 would have been higher/lower by Tenge 3,589,247 thousand (30 September 2017: higher/lower by Tenge 3,297,147 thousand).

Settlement agreement with Akimat

In 2009 AZhK JSC participated in the lawsuit with the Akimat of Almaty (hereinafter referred to as the "Akimat") on the repayment of the debt of the AZhK to the Akimat. On 14 February 2014 AZhK and Akimat signed an amicable agreement on the procedure for settling the debt of the AZhK to the Akimat. To settle the liabilities, among other procedures, AZhK should accept power lines that are in the communal ownership and trust management of the Akimat. After deduction of all payments made during previous years as part of the amicable agreement, the amount of liabilities of AZhK as of 30 September 2018 equalled Tenge 5,841,514 thousand (31 December 2017: 5,841,514 thousand).

As of 30 September 2018 the adoption of power lines was not completed. The Group will cease recognising this liability when it is exempt from payment, at the moment of execution of all actions by the parties of the amicable agreement, namely at the moment of acceptance in the property of electric networks from Akimat. At the same time, the Group recognises a gain on derecognising the obligation for Tenge 5,841,514 thousand.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)***Balkhash Thermal Power Plant***

The project "Construction of the Balkhash Thermal Power Plant" (hereinafter the Project) is implemented in the framework of the intergovernmental agreement signed between the Government of the RoK and the Government of the Republic of Korea. The agreement, signed in 2011, includes economic cooperation in the field of financing, design, construction, operation and maintenance of the power plant.

The shareholders of JSC "Balkhash Thermal Power Plant" (hereinafter BTPP) are "Samsung C&T Corporation" (hereinafter "Samsung C&T") and Company, holding 50% + 1 shares and 50% - 1 share, respectively, as of 31 December 2017. The entity established in 2008 as a joint stock company. In September 2012, BTPP and Samsung Engineering Co Ltd. signed a contract to design, supply and construct Balkhash thermal power plant with power capacity of 1320 MW ("EPC contract"). Samsung Engineering Co. Ltd and Samsung C&T ("Consortium") are parties of the joint venture for the EPC.

Profitability of the project is ensured through the long-term contract dated 19 June 2014 for the purchase of services for the maintenance of available capacity of newly commissioned power generating units (hereinafter Capacity Purchase Agreement or CPA). The contract was signed by two parties: BTPP and JSC "KEGOC" (national grid and the national operator of the unified power system of the RoK); the tariffs in the contract are expressed in US dollars.

On 14 February 2012 the Company and Samsung C&T signed the "Option Agreement regarding the shares of JSC" BTPP ". In accordance with this agreement, Samsung C&T has the option to sell shares of BTPP, which means that Samsung C&T has the right to exercise the option, if the relevant conditions of the option agreement relating to the ratification of the Intergovernmental Agreement, the adoption of laws that give the opportunity to enter into the capacity purchase agreement, and the timely conclusion of the capacity purchase agreement with the conditions sufficient to attract project financing are not fulfilled. In accordance with the requirements of the Option Agreement, the option price is equal to the aggregate amount paid by Samsung C&T to acquire option shares, the aggregate of any capital amounts invested and amount equal to the amount of any loans advances by Samsung C&T, net of any dividends and other payments received by Samsung C&T for its shares.

Until August 2016 Company and Samsung C&T have repeatedly extended an option to sell the shares.

In order to organize debt financing for the Project potential lenders require protecting the rights and interests of investors in accordance with the international practice of project financing. In the absence of a coherent version of the Project support package, on 31 August 2016 Samsung C&T notified Company its intention to exercise the option to sell the shares in accordance with the Option Agreement. Due to the lack of financing for BTTP, 31 August 2016 Consortium also notified BTTP about the termination of the EPC contract.

After receiving notification from Samsung C&T, Company and the Government of RoK has adopted a number of measures on regulation of this issue from October 2016 until now.

In particular, the Government of RoK and the state authorities of RoK held a number of meetings to discuss further implementation of the Project with the participation of Samsung C&T. The parties agreed that a Letter of Support from the Government with conditions satisfactory for project financing will be arranged in due course.

On 28 February 2017 as a result of negotiations to continue the project Consortium withdrew their notice of termination of the EPC contract.

However, since the Letter of Support from the Kazakhstani side was not arranged within the expected timeframe, on 29 April 2017 Samsung Engineering Co. Ltd notified the BTTP that the withdrawal of EPC contract termination notice dated 28 February 2017 is no longer effective.

Currently, all constructions works are suspended. On 29 September 2017 the Consortium sent to BTTP the final claim in connection with the termination of the EPC contract. The final claim amounted to USD 108,860 thousand. Further, in its letter dated 30 November 2017, the Consortium notified BTTP that, due to not receiving respond within the agreed timeframe from BTTP, confirming the intention to accept the manufactured equipment, the Consortium instructed Dongfang Electric Corporation Limited and Siemens AG ("Subcontractors") to dispose the equipment at the manufacturer's factory in order to avoid additional costs.

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

The Group concluded that the above events indicate the impairment of the Group's investment in BTPP in accordance with IAS 36 "Impairment of Assets". Respectively, as at 31 December 2017 the Group recognised impairment loss of investments in BTPP in the amount of Tenge 27,570,522 thousand.

The Government of the Republic of Kazakhstan is conducting negotiations on resolution of issues related to the Samsung C&T's exit from the Project, including the Samsung's claim in respect of their Option to sell their shares. There is currently no negotiation between the Group and Samsung C&T regarding the Option to sale shares. Currently, the Government of the Republic of Kazakhstan and Samsung C&T are in the active phase of the negotiation process. Considering the government's position and status of negotiation the Group believes that the likelihood of a material outflow of economic resources from the Group with respect to the Put Option is not probable. Accordingly, in the consolidated financial statements as at and for the year ended 30 September 2018, the Group did not create any provision in respect of the option exercised by Samsung C&T.

The Group notes however that an uncertainty exists with respect to an a successful agreement being reached from the negotiations and resolution referred to above. In case the parties will do not reach an agreement, there remains a possible risk that Samsung C&T will decide to proceed the dispute through judicial instances against the Company, which if this did arise the Company would vigorously defend. Management of the Group believes that Samsung C&T did not have the right to exercise the option and that good defences exist to the claim, including the counterparty's failure to prove that, the claim complies with the contractual terms.

5 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 revenue and profit before tax. CODM monitors the revenue and operating profit. CODM also monitors the consolidated adjusted 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, share of profit/(loss) of associates and joint ventures and effects, related to acquisition and other similar effects. Sequence for identification of adjusted EBITDA by Group might be different from sequence used by other companies.

(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 electricity and heating energy;
- 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 revenue and operating profit.

The entities whose operations were reclassified as the discontinued operations continued to participate in the Group's operations as of 30 September 2018, the operating results of which are regularly reviewed by CODM. The results of discontinued operations are included in the segment information.

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

5 Segment Information (Continued)

	Production of electricity and heating energy		Electricity transmission and distribution		Sale of electricity		Others		Total *	
	9 months ended		9 months ended		9 months ended		9 months ended		9 months ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
<i>In thousands of Kazakhstan Tenge</i>										
External revenues	115,590,230	87,675,169	87,675,169	3,328,195	4,045,208	69,831,919	2,598,280	2,449,699	192,107,267	163,284,982
Inter-segment revenue	38,016,007	39,127,286	39,127,286	25,236,130	25,633,416	323	628,770	468,382	64,279,574	64,832,121
Total revenue	153,606,237	120,772,164	29,678,624	28,564,325	69,874,930	69,832,242	3,227,050	2,918,081	256,386,841	228,117,103
Profit/(loss) before income tax	19,949,071	7,483,821	6,099,966	5,995,396	(557,464)	1,254,469	(8,490,535)	(13,559,050)	17,001,038	1,174,635
Capital expenditure	12,417,667	15,636,745	8,682,505	22,837,339	29,409	33,971	56,194	115,398	21,185,775	38,623,453
<i>In thousands of Kazakhstan Tenge</i>										
Reportable segment assets	726,227,772	758,005,838	127,355,974	121,424,000	10,627,225	9,600,040	129,488,483	128,153,087	993,699,454	1,017,182,965
Reportable segment liabilities	255,171,251	290,604,205	45,298,796	43,782,907	10,773,854	9,109,547	172,515,725	188,756,046	483,759,626	532,252,705

* includes Discontinued operations

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

5 Segment Information (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	9 months ended 30 September 2018	9 months ended 30 September 2017
Total revenues for reportable segments	253,159,791	219,168,731
Revenues from other operations	3,227,050	2,918,080
Total revenue	256,386,841	222,086,811
Inter-segment revenue	(64,279,574)	(64,832,121)
Total consolidated revenue for the period	192,107,267	157,254,690

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 2018	9 months ended 30 September 2017
Adjusted EBITDA	74,007,185	56,321,702
Depreciation and amortisation	(36,274,792)	(32,971,472)
Finance income	1,674,540	1,975,420
Finance costs	(30,206,325)	(22,076,305)
Share of profit of associates	7,685,848	(2,059,269)
Impairment of goodwill and assets	114,582	(15,441)
Profit before income tax for the period	17,001,038	1,174,635
Profit before income tax for the period from discontinued operations	(132,932)	4,585,078
Total profit before income tax for the period from continuing operation	16,868,106	5,759,713

<i>In thousands of Kazakhstani Tenge</i>	30 September 2018	31 December 2017
Total reportable segment assets	864,210,972	889,029,878
Assets from other operations	18,812,799	128,153,087
Assets from discontinued operations	14,788,431	76,700,403
Total assets	883,023,771	1,017,182,965
Total assets	39,164,266	(60,904,749)
Total consolidated assets	922,188,037	956,278,216

5 Segment Information (Continued)

<i>In thousands of Kazakhstani Tenge</i>	30 September 2018	31 December 2017
Total reportable segment liabilities	311,167,284	343,496,659
Liabilities from other operations	172,592,344	189,104,055
Total liabilities	483,759,628	532,600,714
Elimination of balances between segments	(48,511,956)	(55,833,174)
Total consolidated liabilities	435,247,672	476,767,540

* -includes assets and liabilities of discontinued operations

(a) Analysis of revenues by products and services

The Group's revenues are disclosed by products and services in Note 17 (revenue from core activities). Majority of sales of the Group are within Kazakhstan.

(d) Major customers

During the nine months ended 30 September 2018 the Group's sales of the total revenue represented more than 10% and amounted to Tenge 17,146,226 thousand for the INTER RAO UES client. There were no significant changes in the assets and liabilities of operating segments, except for those disclosed in the latest annual consolidated financial statements.

6 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 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.

6 Balances and Transactions with Related Parties (continued)

At 30 September 2018, the outstanding balances with related parties were as follows (including outstanding balances of Discontinued operations):

<i>In thousands of Kazakhstan Tenge</i>	Companies under common control	JVs and associates of Samruk- Energy	JVs and associates of Samruk- Kazyna	Shareholde	Government related entities
Trade and other receivables	1,749,643	80,985	1,217	-	3,557,676
Cash and cash equivalents	6,063	-	-	-	745,990
Other current assets	-	-	-	1,184,095	-
Assets intended for the benefit of the Shareholder	330,473	398	-	-	-
Borrowings	-	-	4,982	61,106,714	18,672,234
Obligations under finance leases	-	-	-	517,017	-
Other distributions to the shareholder	-	-	-	1,174,066	-
Trade and other payables	1,789,459	2,763,133	-	26,637	6,110,250

At 31 December 2017, the outstanding balances with related parties were as follows:

<i>In thousands of Kazakhstan Tenge</i>	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk- Kazyna	Shareholde	Government related entities
Trade and other receivables	1,243,074	352,364	3,335	-	6,993,904
Cash and cash equivalents	2,979	-	-	-	-
Other current assets	51,985	1,281,082	-	-	-
Assets intended for the benefit of the Shareholder	-	-	-	1,387,077	-
Borrowings	-	-	5,264	59,959,841	20,000,413
Other distributions to the shareholder	-	-	-	1,174,066	-
Trade and other payables	3,316,445	1,913,663	-	-	497,310
Other Trade payables	10,266	7,809	1,587	55,022	84,273

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

6 Related parties (continued)

The income and expense items with related parties for nine months ended 30 September 2018 were as follows (including outstanding balances of Discontinued operations):

<i>In thousands of Kazakhstan Tenge</i>	Companies under common control	JVs and associates of Samruk- Energy	JVs and associates of Samruk- Kazyna	Shareholde	Government related entities
Revenue	16,841,871	1,759,211	16,172	-	15,665,570
Cost of sales	20,135,313	17,241,677	-	-	2,068,578
General and administrative expenses	279,523	-	-	-	-
Selling expense	11,065,727	-	-	-	-
Other expenses	296,403	69,951	-	64,515	-
Other income	364	-	-	-	-
Finance costs	-	-	-	4,573,539	985,234
Finance income	-	35,966	-	-	-
Gain on foreign exchange	-	14,593	-	-	184,465

The income and expense items with related parties for nine months ended 30 September 2017 were as follows:

<i>In thousands of Kazakhstan Tenge</i>	Companies under common control	JVs and associates of Samruk- Energy	JVs and associates of Samruk- Kazyna	Shareholde	Government related entities
Revenue	13,894,836	1,291,513	1,413,159	-	11,560,891
Cost of sales	18,559,533	10,536,136	152,561	-	1,666,576
General and administrative expenses	177,305	-	-	-	-
Selling expense	7,217,382	-	-	-	-
Other expenses	239,846	-	-	47,761	-
Other income	237,307	29,362	23,352	-	-
Finance costs	-	-	-	2,532,993	698,123
Finance income	-	-	-	6,479	-
Gain on foreign exchange	-	16,094	-	-	399,444

Key management compensation is presented below:

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	30 September 2017
Key management compensation	79,554	265,245
Total key management compensation	79,554	265,245

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel as at 30 September 2018 include 4 persons (30 September 2017: 10 persons).

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

7 Property, Plant and Equipment

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

<i>In thousands of Kazakhstan Tenge</i>	Buildings and constructions	Machinery and equipment	Other	Construction in progress	Total
Cost at 1 January 2018	232,596,485	601,987,987	13,553,867	121,628,104	969,766,443
Accumulated depreciation and impairment	(48,090,846)	(133,166,147)	(5,129,319)	(2,815,126)	(189,201,438)
Carrying amount at 1 January 2018	184,505,639	468,821,840	8,424,548	118,812,978	780,565,005
Additions	188,083	555,249	165,517	20,326,741	21,235,590
Transfers	1,289,427	11,001,642	169,014	(12,460,083)	
Change in estimates	120,666	-	-	-	120,666
Depreciation	(7,653,477)	(27,601,986)	(637,010)	-	(35,892,473)
Impairment included in operation expenses	-	-	-	(3,640)	(3,640)
Disposal	(216)	(32,321)	(3,413)	(55,085)	(91,035)
Transfer to assets held for sale	-	(1,867)	(3,209)	(412)	(5,488)
Carrying amount at 30 September 2018	178,450,122	452,742,557	8,115,447	126,620,499	765,928,625
Cost at 30 September 2018	234,211,056	613,363,073	13,735,367	129,251,109	990,560,605
Accumulated depreciation and impairment	(55,760,933)	(160,620,516)	(5,619,920)	(2,630,610)	(224,631,979)
Carrying amount at 30 September 2018	178,450,123	452,742,557	8,115,447	126,620,499	765,928,626

Additions include capitalised borrowing costs in the amount of Tenge 2,070,842 thousand.

As at 30 September 2018 the property, plant and equipment with carrying value of Tenge 6,056,333 thousand (31 December 2017: Tenge 5,433,561 thousand) were pledged as collateral for borrowings received by the Group from Development Bank of Kazakhstan JSC.

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

<i>In thousands of Kazakhstan Tenge</i>	9 months ended 30 September 2018	9 months ended 30 September 2017
Cost of sales	35,475,800	32,340,804
General and administrative expenses	406,871	621,450
Other expense	9,802	9,218
Total depreciation charges	35,892,473	32,971,472

8 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>В тысячах казахстанских тенге</i>	Joint venture		Associates	
	EGRES-2	Forum Muider B.V.	BTPP	Total
Balance at 1 January 2017	31,810,630	26,524,888	27,570,522	85,906,040
Share of profit/(loss) for the year	(10,723,123)	10,329,935	(1,666,082)	(2,059,270)
Dividends received	-	(6,152,693)	-	(6,152,693)
Balance at 30 September 2017	21,087,507	30,702,130	25,904,440	77,694,077
Balance at 1 January 2018	22,264,624	30,623,596	-	52,888,220
Share of profit/(loss) for the year	(2,828,191)	10,514,042	-	7,685,851
Dividends received	-	(399,747)	-	(399,747)
Balance at 30 September 2018	19,436,433	40,737,891	-	60,174,324

As of 30 September 2018, 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 B.V. – 50%. The remaining 50% is owned by UC RUSAL.

The Group has shares in associated company: BTPP (50% minus 1 share), the entity registered in the RoK and established by the Group in 2008 for the construction of the Balkhash thermal power plant. Entity's shareholders are Samsung C&T and Company, share participation of 50% + 1 shares and 50% - 1 share, respectively, as of 30 September 2018 (Note 4).

9 Other Non-Current Assets

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Long-term receivables	12,016,030	11,859,062
Bonds	3,178,649	3,250,673
Long-term deposits	60,000	60,500
Restricted cash	-	880,539
Less: impairment provision	(1,734,476)	(1,476,432)
Total financial other non-current assets	13,520,203	14,574,342
Prepayments for non-current assets	2,695,206	2,281,225
Non-current VAT recoverable	1,013,112	1,013,112
Other	142,599	122,575
Total other non-current assets	17,371,120	17,991,254

9 Other Non-Current Assets (continued)

Gross amount of other non-current assets includes advances and prepayments for the following types of construction and property, plant and equipment:

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Construction and reconstruction of substations in Almaty and Almaty region	2,551,422	1,342,245
Modernisation of Shardara GES	143,784	874,625
Other	-	64,355
Total prepayments for non-current assets	2,695,206	2,281,225

10 Inventories

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Auxiliary production materials	4,712,195	4,751,852
Fuel	3,668,892	4,282,461
Spare parts	814,829	699,766
Raw materials	29,293	23,695
Other materials	439,415	315,334
Less: provision for write down to net realisable value and provision for slow-moving and obsolete inventories	(878,520)	(1,026,184)
Total inventories	8,786,104	9,046,924

11 Trade and Other Receivables

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Trade receivables	18,208,601	23,997,452
Less: impairment provision	(439,147)	(198,281)
Total financial trade receivables	17,769,454	23,799,171
Other receivables	4,220,365	4,016,576
Less: impairment provision	(3,635,327)	(3,858,920)
Total trade and other receivables	18,354,492	23,956,827

Group's financial trade and other receivables are denominated in Tenge as at 30 September 2018 and 31 December 2017. Their carrying values approximate their fair values due to the short-term nature. As of 30 September 2018 the receivable from Maikuben West LLP was fully impaired for the amount of Tenge 3,477,982 thousand (2017: Tenge 3,477,982 thousand).

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

12 Other Current Assets

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Restricted cash	8,643,903	6,760,611
Other receivables	4,535,389	1,726,568
Term deposits	2,864,074	5,005,848
Dividends receivable	398	1,281,082
Other	49,039	23,732
Less: impairment provision	(328,606)	(328,427)
Total financial other current assets	15,764,197	14,469,414
Advances to suppliers	2,573,073	595,911
Assets held for the benefit of the Shareholder	1,184,095	1,388,077
VAT recoverable and prepaid taxes	556,233	1,073,542
Other	1,547,660	1,392,286
Less: impairment provision	(624,515)	(388,211)
Total other current assets	21,000,743	18,531,019

Term deposits for the amount of Tenge 1,062,373 thousand and Tenge 1,801,702 thousand are denominated in US dollars and Tenge, respectively (2017: Tenge 1,728,116 thousand and Tenge 3,277,732 thousand are denominated in US dollars and Tenge, respectively).

As of 30 September 2018 other receivables for the amount of Tenge 4,535,389 thousand include short-term debt of customers of subsidiaries that were sold during 2017 for Tenge 1,848,260 thousand, as well as accounts receivable of Tauba Invest LLP for Tenge 2,687,129 thousand, including impairment of Tenge 548,412 thousand (2017: Tenge 1,726,568 thousand, including impairment of Tenge 142,219 thousand).

13 Cash and cash equivalents

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Cash at current bank accounts	4,772,180	9,040,676
Deposits on demand	4,256,516	23,665,974
Cash on hand	16,397	12,393
Less: impairment provision	(2,253)	-
Total cash and cash equivalents	9,042,840	32,719,043

Term deposits and current deposits have contractual maturity terms less than three months or are available on demand.

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

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Kazakhstani Tenge	8,064,808	23,276,716
US Dollar	915,766	8,148,596
Other currencies	62,266	1,293,731
Total cash and cash equivalents	9,042,840	32,719,043

14 Non-current Assets Held for Sale and Disposal Groups

On 23 of November 2016 the Board of Directors approved the terms of sale a number of subsidiaries in accordance with the Decree of the Government on the privatization of assets. As of 30 September 2018 all assets and liabilities of Tegis Munai LLP ("TM"), and its subsidiary Mangyshlak Munai LLP ("MM") have been included in assets held for sale.

14 Non-current Assets Held for Sale and Disposal Groups (continued)

Since the operations of TM represented separate major types of the Group's operations, these disposal groups are presented as discontinued operations in the consolidated financial statements.

Major classes of assets classified as disposal group are as follows:

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Property, plant and equipment	26,659	96,529
Exploration assets	14,129,247	14,086,775
Other non-current assets	623,484	619,332
Inventory	4,194	3,440
Other current assets	3,382	2,248
Cash and cash equivalents	3,574	11,601
Total assets classified as or disposal groups	14,790,540	14,816,829
Other liabilities	70,894	16,047
Trade payables	5,724	56,859
Total liabilities directly associated with disposal groups classified as held for sale	76,618	72,906

TM incurred expenses of Tenge 79,322 thousand for the period ended 30 September 2018.

The analysis of the results of discontinued operations for the year ended 30 September 2017 is presented below:

<i>In thousands of Kazakhstan tenge</i>	ATPS	MEDC	VKREC	SHET	TM	MM	Eliminations	Total
Revenue	4,617,602	5,633,781	6,556,628	14,895,472	-	-	(5,161,276)	26,542,207
Expenses	(4,218,230)	(4,863,717)	(4,379,131)	(15,112,727)	(63,303)	(12,300)	5,217,863	(23,431,545)
Profit/(loss) before tax of discontinued operations	399,372	770,064	2,177,497	(217,255)	(63,303)	(12,300)	56,587	3,110,662
Income tax expense	(74,174)	(385,750)	(353,902)	24,114	(23)	-	-	(789,735)
Profit/(loss) of discontinued operations	325,198	384,314	1,823,595	(193,141)	(63,326)	(12,300)	56,587	2,320,927

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

15 Equity

Share Capital

	Number of authorised and issued shares	Share Capital, (thousands of Tenge)
Balance at 1 January 2017	5,601,687	373,314,888
Balance at 31 December 2017	5,601,687	373,314,888
Balance at 30 September 2018	5,601,687	373,314,888

At 30 September 2018 5,601,657 issued common shares were fully paid (2017: 5,601,687 shares fully paid). Each ordinary share carries one vote. The Company does not have any preference shares.

On 15 June 2018 the Group declared dividends to its only shareholder for amount of Tenge 2,041,000 thousand (2017: Tenge 4,704,895 thousand). As of 30 September 2018 dividends are not paid.

KASE listing requirements include disclosure of the book value of one share. As of 30 September 2018, this indicator, calculated by the management of the Company on the basis of the financial statements, amounted to 86,020 tenge (31 December 2017: 84,923 tenge).

Other reserves

<i>In thousands of Kazakhstan Tenge</i>	Merger reserve	Result of transactions with shareholder	Other comprehensive income/(loss)	Total
Balance at 1 January 2018	37,282,287	90,607,549	(343,706)	127,546,130
Other comprehensive income	-	-	(140,390)	(140,390)
Balance at 30 September 2018	37,282,287	90,607,549	(484,096)	127,405,740

16 Borrowings

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Non-current portion		
Bank term loans	180,592,306	233,726,534
Loans from Samruk-Kazyna	58,376,826	57,350,980
Bonds issued	28,106,051	19,921,800
Loans from customers	1,522,198	1,574,844
Total non-current borrowings	268,597,381	312,574,158
Current portion		
Bank term loans	33,193,708	41,276,690
Loans from Samruk-Kazyna	3,509,880	2,608,862
Bonds issued	2,729,888	924,444
Loans from customers	531,189	652,532
Notes payable	450,359	450,358
Total current borrowings	40,415,024	45,912,886
Total borrowings	309,012,405	358,487,044

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

16 Borrowings (continued)

Ниже представлена балансовая стоимость займов в разрезе компаний Группы:

<i>In thousands of Kazakhstan Tenge</i>	Effective interest rate, %	30 September 2018	31 December 2017
<i>Samruk-Energy</i>			
Samruk-Kazyna	12.8% годовых	61,106,713	59,959,842
European bank for reconstruction and development		31,615,931	39,022,497
Halyk Bank JSC		22,364,736	24,767,435
Bonds		20,208,898	20,846,244
Subsidiary bank "Sberbank" JSC	13.8% годовых	2,102,888	-
Kazkommertsbank JSC	12.7% годовых	-	10,180,000
Total Samruk-Energy borrowings		137,399,166	154,776,018
<i>АЖК</i>			
Halyk Bank JSC	12.9% - 15.2% годовых	16,816,578	11,612,389
Loans from customers	13% годовых	2,053,388	2,227,376
Notes payable	11.5% годовых	450,357	450,358
Total AZHK borrowings		19,320,323	14,290,123
<i>Almaty Power Stations LLP</i>			
Almaty Power Stations LLP	12.9% - 16.8% годовых	19,582,617	21,814,335
Bank Centre Credit JSC	13.7% - 14% годовых	9,426,802	12,117,534
Total Almaty Power Stations LLP		29,009,419	33,931,869
<i>Moinak Hydro Power Station JSC</i>			
State Development Bank of China	6MLIBOR+1.2%	53,764,196	50,267,422
Development Bank of Kazakhstan	1.15%*6MLIBOR-1.15%	18,713,117	20,300,470
Total Moinak Hydro Power Station JSC borrowings		72,477,313	70,567,892
<i>Almaty Power Station JSC</i>			
Halyk Bank JSC	12.9-14% годовых	1,672,333	2,061,367
Total Almaty Power Station JSC borrowings		1,672,333	2,061,367
<i>PVES LLP</i>			
Eurasian Development Bank	13.4% годовых	9,759,528	11,223,457
Total PVES LLP borrowings		9,759,528	11,223,457
<i>Shardarinskaya HPP JSC</i>			
European bank for reconstructions and development	11%	13,992,195	14,471,232
Total Shardarinskaya HPP JSC		13,992,195	14,471,232

16 Borrowings (continued)

<i>In thousands of Kazakhstan Tenge</i>	Эффективная процентная ставка, %	30 September 2018	31 December 2017
<i>EGRES-1</i>			
Subsidiary bank “Sberbank” JSC	13.2%	22,340,428	29,047,445
Halyk Bank JSC	12.9%	3,041,700	28,117,641
Total EGRES-1 borrowings		25,382,128	57,165,086
Total borrowings		309,012,405	358,487,044

For the nine months ended 30 September 2018 the following significant changes in loans received:

Samruk-Energy

During the nine months of 2018, the Company paid the principal debt for the loan from European Bank for Reconstruction and Development, Halyk bank and Sberbank for the total amounts of Tenge 23,838,000 thousand.

EGRES-1

During the nine months of 2018, EGRES-1 made an early repayment of the loan of Halyk Bank and payment of the principal debt on loan of Sberbank for a total amount of Tenge 30,600,000 thousand.

For all other loans, the Group paid principal and accrued interest in accordance with loan agreements.

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

17 Other Non-Current Liabilities

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Trade payables	2,452,889	2,257,670
Obligations under finance lease	405,010	-
Total financial other non-current liabilities	2,857,899	2,257,670
Deferred income	1,589,219	1,849,314
Other	334,494	336,232
Total other non-current liabilities	4,781,612	4,443,216

Trade payable of Tenge 2,452,889 thousand represents the Group's non-current payable to contractors for modernisation of Shardarinskaya HPP JSC. Trade payable is denominated in Euro as of 31 September 2018 and as of 31 December 2017.

Deferred income represents the difference between the nominal value of loans from customers received by AZhK 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 recognised in profit or loss over the useful lives of property, plant and equipment.

Presented below is movement of deferred income:

<i>In thousands of Kazakhstan Tenge</i>	Total
Balance at 1 January 2016	2,297,371
Reclassification of disposal group	-
Change in the carrying amount of loans from customers adjusted against deferred income	(119,861)
Recognition of income	(328,196)
Balance at 31 December 2017	1,849,314
Reclassification of disposal group	-
Change in the carrying amount of loans from customers adjusted against deferred income	(260,095)
Recognition of income	-
Balance at 30 September 2018	1,589,219

18 Trade and Other Payables

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018	31 December 2017
Trade payables	11,430,477	9,602,687
Payable to Almaty Akimat	5,841,513	5,841,513
Dividends payable	842,395	774,653
Other financial payables	620,528	939,210
Total financial trade payables	18,734,913	17,158,063
Accrued provisions for unused vacations	1,655,581	1,826,821
Advances received from customers	1,760,936	2,094,737
Other distributions to shareholder	1,174,066	1,174,066
Other payables	1,038,312	1,355,122
Salaries payable	1,086,092	1,288,728
Total trade and other payables	25,449,900	24,897,537

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

As of 30 September 2018 and 31 December 2017 financial trade payables of Company are denominated in Tenge.

19 Revenue

	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Three months ended 30 September 2018	Three months ended 30 September 2017
<i>In thousands of Kazakhstan Tenge</i>				
Sale of electricity	167,078,904	136,742,613	55,150,381	46,437,918
Sale of heat energy	13,674,700	10,232,397	1,603,049	1,328,891
Electricity transmission and distribution services	3,948,508	2,715,900	1,057,037	1,016,494
Income from lease of renewable energy power plants	3,366,097	3,274,014	803,139	720,219
Income from lease of investment property	2,594,440	2,449,030	909,368	841,055
Sale of chemical water	1,336,161	1,219,736	454,379	407,700
Other	108,457	620,999	61,233	269,427
Total revenue	192,107,267	157,254,689	60,038,586	51,021,704

20 Cost of Sales

	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Three months ended 30 September 2018	Three months ended 30 September 2017
<i>In thousands of Kazakhstan Tenge</i>				
Fuel	40,119,185	29,328,394	10,582,141	10,322,478
Depreciation of property, plant and equipment and amortisation of intangible assets	35,717,035	32,552,922	12,059,522	10,925,820
Payroll and related expenses	17,839,652	16,600,216	5,836,844	5,165,865
Cost of purchased electricity	8,683,756	5,498,645	2,889,560	92,608
Electricity transmission and other services	7,503,427	6,283,730	2,589,234	2,236,405
Taxes other than on income tax	6,743,975	5,610,525	2,148,980	1,965,992
Third party services	5,583,459	5,837,179	1,879,358	1,734,994
Repairs and maintenance	4,306,714	4,654,527	2,009,443	2,497,248
Water supply	3,549,686	3,395,169	1,275,082	1,398,874
Materials	1,188,579	1,264,471	359,056	417,752
Security service	770,009	747,449	265,775	253,681
Rent services	148,582	137,820	52,784	46,083
Electricity losses on transmission	144,067	157,003	78,179	80,913
Provision on obsolete and slow- moving inventories	(5,409)	95,182	34,200	16,881
Other	2,054,892	1,982,745	687,529	703,305
Total cost of sales	134,347,609	114,145,977	42,747,687	37,858,899

SAMRUK-ENERGY JSC**Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)****21 General and Administrative Expenses**

	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Three months ended 30 September 2018	Three months ended 30 September 2017
<i>In thousands of Kazakhstan Tenge</i>				
Payroll and related expenses	4,085,306	3,895,157	1,434,706	1,133,972
Consulting and other professional services	1,235,401	1,061,250	291,767	416,695
Expenses on Expo	763,348	-		-
Depreciation of property, plant and equipment and amortisation of intangible assets	625,296	823,675	169,326	273,867
Rent expense	487,620	476,232	163,349	160,923
Taxes other than on income	343,285	243,593	84,315	48,251
Security services	300,221	228,234	168,685	94,605
Business trip and representative expenses	171,817	176,699	66,984	57,121
Materials	137,311	158,855	46,269	56,373
Repair and maintenance	108,166	115,998	37,291	37,096
Communication expenses	99,015	86,900	37,651	29,764
Insurance	76,422	67,692	26,758	24,292
Bank charges	69,818	112,451	22,942	23,818
State duty	36,775	19,202	14,477	4,031
Transportation expenses	14,537	21,630	5,701	7,745
Administrative fines	-	775,800	-	-
Charge/(reversal) of provision for impairment of trade and other receivables and other current assets	197,236	553,899	(228,481)	(78,151)
Other	886,920	1,285,631	270,954	497,827
Total general and administrative expenses	9,638,494	10,102,898	2,612,694	2,788,229

22 Finance Income

	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Three months ended 30 September 2018	Three months ended 30 September 2017
<i>In thousands of Kazakhstan Tenge</i>				
Interest income on bank deposits	912,148	1,863,150	166,408	568,516
Amortization of discount of long-term accounts receivable	634,417	-	284,822	-
Interest income on bank deposits	100,332	9,467	42,057	2,988
Interest income on bonds	27,643	102,803	7,763	92,293
Other	912,148	1,863,150	166,408	568,516
Total finance income	1,674,540	1,975,420	501,050	663,797

23 Finance Costs

	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Three months ended 30 September 2018	Three months ended 30 September 2017
<i>In thousands of Kazakhstan Tenge</i>				
Interest expense on borrowings	18,052,821	10,258,258	5,229,560	3,735,288
Foreign exchange losses less gains	5,494,666	3,312,674	3,507,635	9,717,044
Interest expense on bonds	1,962,608	4,785,307	644,147	1,818,355
Dividends on preference shares of subsidiaries	105,830	105,830	35,280	35,280
Unwinding of the present value of discount:				
- loans and financial aids from shareholders	3,406,956	2,854,716	1,165,165	1,083,402
- loans from customers	185,514	203,678	61,599	67,445
- ash dump restoration provision	126,961	79,756	43,750	26,218
- employee benefit	91,281	82,888	61,803	26,724
- bonds issued	47	64,281	-	25,789
Other	779,641	328,917	116,082	207,280
Total finance costs	30,206,325	22,076,305	10,865,021	16,742,825

SAMRUK-ENERGY JSC
Notes to the Consolidated Financial Statements – 30 September 2018 (unaudited)

24 Taxes

<i>In thousands of Kazakhstan Tenge</i>	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Three months ended 30 September 2018	Three months ended 30 September 2017
Current income tax expense	6,879,473	1,737,150	2,610,535	(30,402)
Deferred income tax expense	(231,190)	1,295,549	(411,736)	881,900
Total income tax expense	6,648,283	3,032,699	2,198,799	851,498

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

<i>In thousands of Kazakhstan Tenge</i>	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Three months ended 30 September 2018	Three months ended 30 September 2017
Profit/(loss) before tax under IFRS	17,001,037	1,174,635	3,538,470	(11,245,088)
Theoretical tax expense at statutory rate of 20% (2017: 20%)	3,400,207	234,927	707,694	(2,249,018)
Adjustments for:				
Share in profit of joint ventures and associates not subject to income tax	(1,537,170)	486,645	(210,016)	(29,359)
Other non-deductible expenses	635,122	1,860,617	180,744	2,767,266
Temporary differences that will be recognised upon termination of investment contract	212,429	(259,306)	78,479	(87,734)
Withholding tax	33,462	90,460	2,641	-
Adjustment of prior years income tax	-	68,969	-	-
Changes in unrecognised deferred income tax assets	3,638,952	616,610	1,064,895	(38,434)
Income of Moinak HPS exempted from income tax	265,284	(66,223)	374,364	488,777
Total income tax expense	6,648,283	3,032,699	2,198,799	851,498

25 Contingencies, Commitments and Operating Risks

In addition to the information below, as of 30 September 2018, there were no contingent and contractual liabilities and operational risks other than those disclosed in the consolidated financial statements for the year ended 31 December 2017.

Legal cases

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.

Capital commitments

As at 30 September 2018 the Group had contractual commitments to purchase the property, plant and equipment for Tenge 169 893 692 thousand (31 декабря 2017: Tenge 125,739,732 thousand).

Capital commitments of joint ventures and associates

As at 30 September 2018 the Group's share in capital expenditure commitments of Forum Muider and ERGES-2 comprised Tenge 45 806 981 thousand (31 December 2017: Tenge 45,534,696 thousand).

25 Contingencies, Commitments and Operating Risks (continued)

Contingent liability on Put Option

As described in Note 4, on 31 August 2016 Samsung C&T notified Company its intention to exercise the option to sell the shares in accordance with the Option Agreement. Currently, the Government of the Republic of Kazakhstan and Samsung C&T are in the active phase of the negotiation process. Considering the government's position and status of negotiation the Group believes that the likelihood of a material outflow of economic resources from the Group with respect to the Put Option is not probable. Accordingly, in the consolidated financial statements as at and for the year ended 31 December 2017, the Group did not create any provision in respect of the option exercised by Samsung C&T (Note 4).

Compliance with covenants

The Group has certain covenants on loans and bonds. Failure to comply with these covenants may result in negative consequences for the Group, including the growth of borrowing costs and the announcement of a default. As of 30 September 2018 the Group was in compliance with its covenants.

26 Fair Value of Financial Instruments

Fair value measurement

The Group classifies its financial instruments at three levels established in accordance with IFRS. Чтобы дать представление о достоверности данных, используемых при определении справедливой стоимости, Группа классифицирует свои финансовые инструменты на трех уровнях, установленных в соответствии с МСФО. Fair value measurements are analyzed 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). Fair values analyzed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018				31 December 2017			
	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	-	9,042,838	-	9,042,840	-	32,719,043	-	32,719,043
Restricted cash	-	8,643,903	-	8,643,903	-	7,312,723	-	7,312,723
Term deposit	-	2,924,074	-	2,924,074	-	5,066,348	-	5,066,348
Financial receivables	-	17,769,454	-	17,769,454	-	23,799,171	-	25,525,739
Long-term receivables	-	11,788,020	-	12,016,030	-	11,660,781	-	11,660,781
Dividends receivable	-	-	398	398	-	-	1,281,082	1,281,082
Справедливая Fair value of future minimum lease payments on operating lease of Bukhtarminskaya HPS	-	-	10,293,078	480,293	-	-	9,607,937	531,852
Other receivables	-	4,469,609	-	4,469,609	-	-	-	-
Bonds	1,932,957	-	-	1,932,957	1,228,736	-	767,518	1,996,254
Total Financial assets	1,932,957	54,637,898	10,293,476	57,279,559	1,228,736	80,558,066	11,656,537	86,093,822

26 Fair Value of Financial Instruments (Continued)

<i>In thousands of Kazakhstan Tenge</i>	30 September 2018				31 December 2017			
	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
LIABILITIES								
Borrowings	-	309,012,404	-	309,012,404	-	333,948,588	-	358,487,044
Financial payables	-	18,734,507	-	18,734,507	-	17,158,063	-	17,158,063
Non-current trade payables	-	-	2,452,889	2,452,889	-	-	2,257,670	2,257,670
Total Financial liabilities	-	327,746,911	2,452,889	330,199,799	-	351,106,651	-	377,902,777

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 the credit risk of the counterparty.

Financial liabilities carried at amortised cost

The estimated fair value of instruments with a fixed interest rate and a fixed maturity date for which no market quotes are available is determined on the basis of estimated cash flows discounted at current interest rates for new instruments with similar credit risk and maturity.

27 Events Occurring After the Reporting Period

October 1, 2018 "ALES" LLP made an early repayment at Bank Centercredit JSC for the amount of 9, 327 billion tenge.

From 2 to 22 October, "ALES" opened short term credit lines in "Halyk bank "JSC for the amount Tenge 1,462,043 thousands with interest 12%.

Within credit line, opened in "Halyk bank" JSC, "AZHK" received additional tranche in amount of Tenge 313, 339 thousands with interest 12,5% at 9 October, 2018. Repayments are equally paid on monthly base, starting from receiving date till 1 September 2023. Payments performed according to repayment schedule included to the terms of contract.