



**SAMRUK-ENERGY JSC**

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

**30 September 2017**

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### REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Financial Position**

<i>In thousands of Kazakhstani Tenge</i>	Note	30 September 2017 (unaudited)	31 December 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	777,346,341	776,271,640
Investment property		586,695	667,785
Intangible assets		2,182,156	2,205,269
Investments in joint ventures and associates	7	77,694,077	85,906,040
Other non-current assets	8	12,035,843	17,853,935
<b>Total non-current assets</b>		<b>869,845,112</b>	<b>882,904,669</b>
<b>Current assets</b>			
Inventories	9	9,859,732	9,681,538
Trade and other receivables	10	16,587,068	16,160,097
Other current assets	11	43,316,653	44,776,628
Income tax prepaid		2,098,752	1,227,286
Cash and cash equivalents	12	115,027,695	17,350,461
Assets of disposal group, classified as held-for-sale	13	77,728,833	76,947,129
<b>Total current assets</b>		<b>264,618,733</b>	<b>166,143,139</b>
<b>TOTAL ASSETS</b>		<b>1,134,463,845</b>	<b>1,049,047,808</b>

Signed on behalf of management on 10 November 2017.



Maxutov Kairat Berikovich  
 Managing director for Economy and  
 Finance – Member of the Management  
 Board




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


**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Financial Position (Continued)**

<i>In thousands of Kazakhstani Tenge</i>	Note	30 September 2017 (unaudited)	31 December 2016
<b>EQUITY</b>			
Share capital	14	373,314,888	373,314,888
Other reserves	14	127,673,618	127,639,376
Retained earnings		9,088,506	12,481,878
<b>Equity attributable to the Group's equity holders</b>		<b>510,077,012</b>	<b>513,436,142</b>
Non-controlling interest		3,615,987	3,159,992
<b>TOTAL EQUITY</b>		<b>513,692,999</b>	<b>516,596,134</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for liquidation of ash dump		1,517,497	1,473,639
Employee benefit obligations		1,067,238	1,087,713
Borrowings	15	300,251,134	194,444,957
Other non-current liabilities		3,819,859	3,594,317
Deferred income tax liabilities		81,514,453	80,218,904
<b>Total non-current liabilities</b>		<b>388,170,181</b>	<b>280,819,530</b>
<b>Current liabilities</b>			
Provision for liquidation of ash dump		163,458	163,458
Borrowings	15	174,489,340	193,115,643
Employee benefit obligations		106,338	107,624
Trade and other payables	16	27,052,372	24,136,902
Taxes payable and other payables to budget		1,796,702	2,532,182
Income tax payable		359,000	168,687
Liabilities of disposal group, classified as held-for-sale	13	28,633,455	31,407,647
<b>Total current liabilities</b>		<b>232,600,665</b>	<b>251,632,143</b>
<b>TOTAL LIABILITIES</b>		<b>620,770,846</b>	<b>532,451,673</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,134,463,845</b>	<b>1,049,047,808</b>

Signed on behalf of management on 10 November 2017.

  
 Maxutov Kairat Berikovich  
 Managing Director for Economy and  
 Finance – Member of the Management  
 Board



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

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>Nine months ended 30 September 2017 (unaudited)</b>	<b>Nine months ended 30 September 2016 (unaudited)</b>	<b>Three months ended 30 September 2017 (unaudited)</b>	<b>Three months ended 30 September 2016 (unaudited)</b>
Revenue	18	157,254,689	124,822,632	51,021,704	40,028,783
Cost of sales	19	(114,145,977)	(93,901,984)	(37,858,899)	(30,729,681)
<b>Gross profit</b>		<b>43,108,712</b>	<b>30,920,648</b>	<b>13,162,805</b>	<b>9,299,102</b>
Other income/(loss), net		1,088,580	275,334	335,809	273,049
Distribution costs		(10,759,605)	(2,211,943)	(3,528,642)	(571,278)
General and administrative expenses	20	(10,102,898)	(8,997,009)	(2,778,229)	(2,588,052)
Share of profit/(loss) of joint ventures and associates	7	(2,059,269)	4,255,147	(2,347,803)	572,553
Finance income	21	1,975,420	5,530,433	663,797	2,972,572
Finance costs	22	(22,076,305)	(14,263,163)	(16,742,825)	(4,278,457)
<b>Profit/(loss) before income tax</b>		<b>1,174,635</b>	<b>15,509,447</b>	<b>(11,245,088)</b>	<b>5,679,489</b>
Income tax expense	23	(3,032,699)	(4,297,326)	(851,498)	(1,215,655)
<b>Profit/(loss) for the period from continuing operations</b>		<b>(1,858,064)</b>	<b>11,212,121</b>	<b>(12,096,586)</b>	<b>4,463,834</b>
Profit/(loss) from discontinued operations	24	3,625,583	2,132,817	1,228,643	392,263
<b>Profit/(loss) for the period</b>		<b>1,767,519</b>	<b>13,344,938</b>	<b>(10,867,943)</b>	<b>4,856,097</b>
Other comprehensive loss					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of post-employment benefit obligations		34,241	(1,138)	44,797	(6,272)
<b>Total comprehensive income/(loss) for the period</b>		<b>1,801,760</b>	<b>13,343,800</b>	<b>(10,823,146)</b>	<b>4,849,825</b>
<b>Profit is attributable to:</b>					
Equity holders of the Group		1,311,524	12,788,214	(11,118,944)	4,659,846
Non-controlling interest		455,995	556,724	251,001	196,251
<b>Profit/(loss) for the period</b>		<b>1,767,519</b>	<b>13,344,938</b>	<b>(10,867,943)</b>	<b>4,856,097</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity holders of the Group		1,345,765	12,787,076	(11,074,147)	4,653,574
Non-controlling interest		455,995	556,724	251,001	196,251
<b>Total comprehensive income/(loss) for the period</b>		<b>1,801,760</b>	<b>13,343,800</b>	<b>(10,823,146)</b>	<b>4,849,825</b>

\* - Comparative information has been adjusted to reflect results of discontinued operations (Note 2).

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

<i>In thousands of Kazakhstani Tenge</i>	Note	Attributable to equity holders of the Group				Non- controlling interest	Total equity
		Share capital	Other reserves	Retained earnings	Total		
<b>Balance at 1 January 2016</b>		<b>355,650,405</b>	<b>127,578,106</b>	<b>(3,236,425)</b>	<b>479,992,086</b>	<b>2,528,351</b>	<b>482,520,437</b>
Profit for the period (unaudited)		-	-	12,788,214	12,788,214	556,724	13,344,938
Other comprehensive loss (unaudited)		-	(1,138)	-	(1,138)	-	(1,138)
Total comprehensive income/(loss) (unaudited)		-	(1,138)	12,788,214	12,787,076	556,724	13,343,800
Share emission	14	17,664,483	-	-	17,664,483	-	17,664,483
Dividends		-	-	(2,041,000)	(2,041,000)	(263)	(2,041,263)
<b>Balance at 30 September 2016 (unaudited)</b>		<b>373,314,888</b>	<b>127,576,967</b>	<b>7,510,790</b>	<b>508,402,645</b>	<b>3,084,812</b>	<b>511,487,457</b>
<b>Balance at 1 January 2017</b>		<b>373,314,888</b>	<b>127,639,376</b>	<b>12,481,878</b>	<b>513,436,142</b>	<b>3,159,992</b>	<b>516,596,134</b>
Profit for the period (unaudited)		-	-	1,311,524	1,311,524	455,995	1,767,519
Other comprehensive loss (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
Share emission	14	-	-	-	-	-	-
Dividends	14	-	-	(4,704,896)	(4,704,896)	-	(4,704,896)
<b>Balance at 30 September 2017 (unaudited)</b>		<b>373,314,888</b>	<b>127,673,618</b>	<b>9,088,506</b>	<b>510,077,012</b>	<b>3,615,987</b>	<b>513,692,999</b>

\* - Comparative information has been adjusted to reflect results of discontinued operations (Note 2).

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cash Flows**

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>Nine months ended 30 September 2017</b>	<b>Nine months ended 30 September 2016</b>
<b>Cash flows from operating activities</b>			
Profit before income tax from continued operations		1,174,635	15,509,447
Profit before income tax from discontinued operations		4,585,078	2,965,349
Adjustments for:			
Depreciation and amortisation		33,389,566	33,756,093
Impairment of property, plant and equipment and intangible assets		15,650	-
Impairment of assets of the disposal group classified as held for sale		2,054,841	-
Losses on disposal of property, plant and equipment		118,334	142,518
Provision for impairment of trade and other receivables		62,267	309,769
Provision on obsolete and slow-moving inventories		95,182	(555,910)
Amortisation of income from connection of additional capacities		(333,282)	(256,995)
Current service cost and actuarial losses on employee benefits		34,242	(1,139)
Finance costs		22,918,594	14,793,257
Finance income		(2,166,634)	(5,646,724)
Share of profit/(loss) in joint ventures and associates		2,059,269	(4,255,147)
Other adjustments		-	-
<b>Operating cash flows before working capital changes:</b>		<b>64,010,742</b>	<b>56,760,518</b>
Decrease in trade and other receivables and other current assets		1,811,385	4,306,040
(Increase)/decrease in inventories		(4,330,274)	2,054,572
Decrease in trade and other payables		1,571,843	(8,971,089)
Increase/(decrease) in employee benefits payable		97,647	(116,983)
Increase in taxes payable		103,710	1,255,163
<b>Cash generated from operations</b>		<b>63,265,053</b>	<b>55,288,221</b>
Income tax paid		(2,609,743)	(2,939,037)
Interest paid		(13,152,054)	(15,951,451)
Dividends received		6,289,276	3,664,598
<b>Net cash from operating activities of continuing operations</b>		<b>53,792,532</b>	<b>40,062,331</b>
<b>Net cash from operating activities of discontinued operations</b>		<b>6,691,897</b>	<b>3,730,334</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(38,552,479)	(60,483,097)
Purchase of intangible assets		(168,259)	(232,775)
Purchase of exploration and evaluation assets		(70,811)	(114,039)
Acquisition of share in associates	7	-	(12,483,260)
Proceeds from sale of property, plant and equipment		170,802	27,531
Proceeds from sale of assets of disposal group		2,580,000	133,703
Income from sale of interests in JVs and associates		-	2,194,110
Interest income received		1,740,501	2,143,415
Withdrawal of bank deposits, net		6,056,138	7,587,258
(Placement)/withdrawal of restricted cash		(1,605,681)	(1,165,398)
Others		-	(324)
<b>Net cash used in investing activities of continuing operations</b>		<b>(29,849,789)</b>	<b>(62,392,876)</b>
<b>Net cash used in investing activities of discontinued operations</b>		<b>(7,491,621)</b>	<b>(7,478,248)</b>

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>Nine months ended 30 September 2017 (unaudited)</b>	<b>Nine months ended 30 September 2016 (unaudited)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issue of shares		-	17,664,483
Proceeds from issue of bonds		20,084,686	-
Proceeds from borrowings		117,547,322	57,063,522
Repayment of borrowings		(33,068,057)	(64,388,990)
Repayment of bonds		(27,273,272)	-
Dividends paid to shareholders		(4,704,895)	-
Dividends paid to non-controlling interest holders		(295,142)	(160,400)
Other payments to shareholders		(33)	(71,593)
Other payments		(713,600)	-
<b>Net cash used in financing activities of continuing operation</b>		<b>71,577,009</b>	<b>10,107,022</b>
<b>Net cash from financing activities of discontinuing operation</b>		<b>243,769</b>	<b>4,486,148</b>
Foreign exchange difference effect on cash and cash equivalents		1,480,494	692,758
<b>Net increase in cash and cash equivalents of continuing operations</b>		<b>97,000,246</b>	<b>(11,530,765)</b>
<b>Net decrease in cash and cash equivalents of disposal group</b>		<b>(555,955)</b>	<b>738,234</b>
Cash at the beginning of the year, including:	12	18,608,593	31,927,511
Cash and cash equivalents at the beginning of the year of continuing operations		17,350,461	31,927,511
Cash and cash equivalents at the beginning of the year of disposal group		1,258,132	-
<b>Cash and cash equivalents at the period – end, including:</b>		<b>115,608,839</b>	<b>20,396,746</b>
Cash and cash equivalents at the period - end of continuing operations	12	115,027,695	20,396,746
Cash and cash equivalents at the period - end of discontinuing operations		581,144	-

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



## **1 Samruk-Energy Group and Its Operations**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, “Interim financial reporting” for nine months ended 30 September 2017 for Samruk-Energy JSC (the “Company”) and its subsidiaries (together referred to as the “Group”).

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

The Company’s shareholder is Samruk-Kazyna National Welfare Fund JSC (“Samruk-Kazyna”).

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

### ***Principal activity***

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

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 six-month period ended 30 September 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting, under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The main accounting policies, which were applied during the preparation of these condensed consolidated interim financial statements, correspond to those applied during preparation of consolidated financial statements for the year ended 31 December 2016, excluding income tax. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS. The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those of the previous financial year except for accounting for income taxes.

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

**2 Basis of Preparation and Significant Accounting Policies (Continued)*****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 works are expected to be carried out in second half of 2017 that will significantly increase the Group's expenses, downtime of power units and decreased level of electricity production.

***Exchange rates***

At 30 September 2017 the exchange rate used for translation of foreign currency balances was 1 US Dollar = Tenge 341.19. (31 December 2016: 1 US Dollar = Tenge 333.29) and 1 RUB = Tenge 5.85 (31 December 2016: 1 RUB = Tenge 5.43).

***Changes in presentation of financial statements***

In December 2015 the Government of Republic of Kazakhstan adopted a new Decree "On some issues of privatization for 2016-2020".

On 23 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 31 December 2016 all assets and liabilities of East Kazakhstan regional electricity distribution company (VKREC), Shygys Energo Trade LLP (SHET), Mangistau electricity distribution company (MEDC), Aktobe TPS (ATPS), Mangyshlak Munay (Mangyshlak Munay), Tegis Munay (Tegis Munay) have been included in assets held for sale. Since the operations of VKREC, SHET, MEDC, Aktobe TPS, Mangyshlak Munay and Tegis Munay represented separate major types of the Group's operations, these disposal groups are presented as discontinued operations in the condensed consolidated interim financial statements.

The condensed consolidated interim statement of profit or loss and other comprehensive income for the six months ended 30 September 2016 was restated and presented in accordance with the presentation of the current period.

**SAMRUK-ENERGY JSC**
**Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2017**
**2 Basis of Preparation and Significant Accounting Policies (Continued)**

The effect of reclassifications for presentation purposes was as follows on amounts at 30 September 2016:

<i>In thousands of Kazakhstani Tenge</i>	<b>As original for the 9 months ended 30 September 2016</b>	<b>Aktobe TPS</b>	<b>MEDC</b>	<b>VKREC</b>	<b>ShET</b>	<b>MM</b>	<b>TM</b>	<b>Eliminations and adjustments</b>	<b>As restated for the 9 months ended 30 September 2016</b>
Revenue	159,813,939	(5,605,954)	(7,512,371)	(9,053,402)	(19,995,969)	-	-	7,176,389	124,822,632
Cost of sales	(123,981,948)	5,121,562	4,420,175	6,944,503	20,792,258	-	-	(7,198,534)	(93,901,984)
<b>Gross profit/(loss)</b>	<b>35,831,991</b>	<b>(484,392)</b>	<b>(3,092,196)</b>	<b>(2,108,899)</b>	<b>796,289</b>	-	-	<b>(22,145)</b>	<b>30,920,648</b>
Distribution costs	(2,281,244)	-	69,301	-	-	-	-	-	(2,211,943)
General and administrative expenses	(10,697,431)	227,353	740,727	312,656	263,640	139,334	20,452	(3,740)	(8,997,009)
Share of profit of joint ventures and associates	4,255,147	-	-	-	-	-	-	-	4,255,147
Impairment of assets	(13,176)	-	11,838	251	1,024	-	-	-	(63)
Finance income	5,646,724	(98)	(107,475)	(7,519)	(1,260)	61	-	-	5,530,433
Finance costs	(14,793,257)	39,197	333,284	215,158	102,277	-	-	(159,822)	(14,263,163)
Other income	1,352,209	(21,918)	(98,005)	(62,123)	(25,644)	(37)	-	25,789	1,170,270
Other expenses	(923,276)	509	3,894	23,245	555	200	-	-	(894,873)
<b>Profit/(loss) before income tax</b>	<b>18,377,687</b>	<b>(239,349)</b>	<b>(2,138,631)</b>	<b>(1,627,232)</b>	<b>1,136,881</b>	<b>139,559</b>	<b>20,452</b>	<b>(159,919)</b>	<b>15,509,447</b>
Income tax expense	(5,128,228)	151,819	370,626	354,516	(46,059)	-	-	-	(4,297,326)
<b>Profit/(loss) for the period from continuing operations</b>	<b>13,249,459</b>	<b>(87,530)</b>	<b>(1,768,006)</b>	<b>(1,272,715)</b>	<b>1,090,822</b>	<b>139,559</b>	<b>20,452</b>	<b>(159,919)</b>	<b>11,212,121</b>
Profit from discontinued operations for the period	95,479	-	-	-	-	-	-	2,037,338	2,132,817
<b>Profit/(loss) for the period</b>	<b>13,344,938</b>	<b>(87,530)</b>	<b>(1,768,006)</b>	<b>(1,272,715)</b>	<b>1,090,822</b>	<b>139,559</b>	<b>20,452</b>	<b>1,877,419</b>	<b>13,344,938</b>

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

### ***New accounting pronouncements***

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

A set of new standards, amendments to standards and interpretations is not effective as at 30 September 2017. The requirements of these amended standards have not been considered for the preparation of this condensed consolidated interim financial statements. The Group plans to adopt these standards as they become effective. Currently, the Group has not yet completed the analysis of potential effect of these standards on its financial statements.

## **3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies**

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 2016, except for the calculation of income tax provisions.

### ***Going concern principle***

Management prepared these condensed consolidated interim financial statements based on a going concern principle. Management's judgment is based on the Group's financial position, current intentions, profitability of operations and access to financial resources. As of 30 September 2017 Group's total current liabilities exceeded its total current assets for the amount of Tenge 20,077,310 thousands. Increase of short-term liabilities is due to maturity of Eurobonds of Samruk-Energy in December 2017. Eurobonds in the amount of 420 million US dollars or Tenge 144,788,841 thousands have been classified as current liabilities as of 30 September 2017. In addition, as of 30 September 2017, there is uncertainty regarding the construction of the Balkhash TPP (See paragraph "Balkhash TPP").

Management considered the following factors in assessing the Group's ability to continue as a going concern:

- The Group has a strategic importance for the reliability of the energy system of Kazakhstan.
- Current liabilities of the Group in the amount of Tenge 5,841,514 thousand represent payable to the city of Almaty Akimat and by amicable agreement, do not require a cash outflow.
- The Group has hired international experts to develop the most optimal options of refinancing or restructuring Eurobonds.
- On 9 December 2016 the Group signed a loan agreement with EBRD in the amount of 100 million euros, or Tenge 40,264,000 thousand to refinance Eurobonds.
- The Group expects positive cash flows from operating activities, net of outflows for capital expenditures, in the amount of Tenge 4,531,000 thousand in the third quarter of 2017.
- The Group expects more than Tenge 14,700,000 thousand from the sale of assets held for sale in 2017.
- Based on the results of 9 months of 2017, the Group attracted funds for the amount of KZT108,500,000 thousand (borrowed funds of STB, issue of local bonds, early redemption of bonds of subsidiaries) for the purpose of refinancing Eurobonds.
- Maturity of Eurobonds is in December 2017, management expects that sufficient funds will be accumulated throughout the period for repayment of Eurobonds in due course of time.
- Management of the Group expects that the Group will receive a support necessary to continue construction of the Balkhash TPP (See paragraph "Balkhash TPP").
- Management and shareholders of the Group do not have intention or necessity to liquidate the Group's operations.

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

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

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

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 period 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 2016 the Group conducted the impairment test of property, plant and equipment and intangible assets of AZhK, ALES, EGRES-1 and GRES-2. These entities are the most sensitive to economic changes and are the significant entities of the Group.

Based on the results of the analysis conducted as of 30 June 2017, the management did not identify any indicators of impairment of non-financial assets of AZhK and ALES. As of 30 September 2017, the results of the analysis are still valid. The main facts and assumptions used in analysis of indicators in the impairment test as of 30 June 2017 are:

- Increase in sales of electricity and heat energy during the period ending 30 June 2017 compared to prior year period;
- Increase in tariffs of heat energy during the period ending 30 June 2017 compared to prior year period;
- Positive dynamics in the production and consumption of electricity;
- Expected growth in the medium-term outlook of the electricity production deficit in the southern zone of the Republic of Kazakhstan, where the AZhK and ALES operate.

#### ***GRES – 1***

Based on the analysis as of 30 June 2017, the Group's management concluded that a decrease in the weighted average tariff level is impairment indicator of property, plant and equipment.

The Group attracted independent experts for impairment test, which was conducted in accordance with IAS 36 "Impairment of Assets".

The independent expert estimated the recoverable amount of property, plant and equipment and intangible assets of GRES-1 based on the estimated future cash inflows and outflows from the use of assets, discount rates and other factors.

The recoverable amount was determined based on value in use. In these calculations, cash flow projections were used based on updated financial budgets approved by management for a 10-year period from 2017 to 2026.

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

The following table sets out the key assumptions, where impairment calculations were updated as at 30 June 2017:

	<b>30 June 2017</b>	<b>31 December 2016</b>
Forecasted tariffs	Changes in forecasted tariffs are indicated below	
Forecasted volumes:		
Kazakhstan	The forecast volumes of consumption and sales in Kazakhstan did not change significantly	
Export *	41,345 thousands MW/h in 2017 – 2026	8,700 thousands MW/h in 2017- 2025
Power	258,596 MW	220,734 MW
The growth rates of post-forecast period	2.8%	4.0%
Discount rate	11%	12%

\* The increase in the forecast volumes for exports is due to the resumption of exports to the Russian Federation

*Forecasted tariffs*

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Weeighted average tariff for electricity (tenge per 1 kW/h):										
As of 30 June 2017	6.4	7.0	7.0	7.2	7.4	7.8	8.1	8.5	9	9.4
As of 31 December 2016	7.6	7.9	7.4	7.5	7.5	7.9	8.3	8.7	9.7	-

As a result of the test, the recoverable amount of property, plant and equipment as at 30 June 2017 amounted to Tenge 601,932,000 thousand, compared to carrying value amounting to Tenge 522,111,000 thousand. Accordingly, management did not reveal any impairment of property, plant and equipment and intangible assets. The valuation techniques used to calculate the value of use are consistent with the methods applied a 31 December 2016. More detailed information is disclosed in Note 4 to the consolidated financial statements as of 31 December 2016.

If the weighted average cost of capital increases by 1%, the total carrying value of revalued property, plant and equipment will decrease by Tenge 65,407 thousands.

*Investments in EGRES-2*

Based on the results of the assessment, the Group's management concluded that the revision of the forecast sales volumes and the decrease of the weighted average tariff rate are indicators of impairment of investments in EGRES-2 and decided to update the estimation of the recoverable amount of property, plant and equipment and intangible assets of EGRES-2 as of 30 June 2017. EGRES-2 is a significant investment of the Group and is most sensitive to macroeconomic changes. EGRES-2 is a national heat power plant that produces electricity. Accordingly, the Group's management decided to conduct an impairment test for this asset.

The Group attracted independent experts to conduct the impairment test, which was conducted in accordance with IAS 36 "Impairment of Assets".

The independent expert estimated the recoverable amount of property, plant and equipment and intangible assets of EGRES-2, based on the estimated future cash inflows and outflows from the use of assets, discount rates and other factors.

The recoverable amount was determined based on values-in-use method. Cash flow projections were used based on updated financial budgets approved by management for an 8-year period from 2017 to 2025.

As a result of the impairment test, the carrying value of the EGRES-2 property, plant and equipment was reduced by Tenge 15,464,161 thousand. Accordingly, the Group recognised an impairment loss on the investment in EGRES-2 in the amount of Tenge 7,732,080 thousand in the condensed consolidated interim financial statements.

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

The major events that led to impairment loss recognition during the six months 2017 are the following:

- Decrease in the level of the weighted average tariff due to the increase in the share of electricity sales through centralised trading at low tariffs;
- Changes in the volume of production and sales of electricity due to the revision of forecasts for electricity consumption.

Key assumptions used are presented below:

*Tariffs for electricity*

The following tariffs were used by management for calculation of the recoverable amount of assets:

- The average tariff for 2016 equals to 6.89 tenge per 1 kWh, which represents the actual tariff applicable on the sale of electricity in 2016, and does not exceed the cap tariff, approved and set by Ministry of Energy for 2016-2018 years at a rate of 8.8 tenge per 1 kWh
- Projected weighted average tariffs for subsequent periods are as follows:

	7m.2017	2018	2019	2020	2021	2022	2023	2024	2025
Tariffs for electricity (Tenge per 1 kWh)	6.90	6.27	6.98	7.36	7.68	8.04	8.40	8.76	28.75

Tariff forecast was based on management's expectations in connection with the resumption of a project on construction of the power unit # 3 in 2020. Expected increase in tariffs in 2025 is due to the expected commissioning of the power unit number 3, and changes in the tariff structure, which is due to introduction of capacity power market in the Republic of Kazakhstan. According to the Law "On Electric Power Industry" of the Republic of Kazakhstan the EGRES-2 is able to obtain an individual tariff for the electricity. Establishing individual tariff is possible upon the completion of the power unit #3 with capacity of 630 MW and concluding investment agreement with the competent authority. Calculation of individual tariffs, in addition to operating expenses, takes into account the desired value to cover the costs associated with the investment component of repayment of the loan obligations incurred for the completion of the unit #3.

In case of decrease of the tariffs on electricity by 10%, recoverable amount of property, plant and equipment of EGRES-2 will be less than its carrying value by Tenge 50,094,631 thousand. Therefore, the recoverable amount of the Group's investment in EGRES-2 will be less by Tenge 25,047,316 thousand.

*Production and sales volumes of electricity*

For the calculation of the recoverable amount the estimated volumes of electricity production/ sales from unit #3 and the related investment necessary to complete the construction were taken into account. The following estimated volumes were used:

	7m.2017	2018	2019	2020	2021	2022	2023	2024	2025
The volume of electricity production (in millions of kWh)	2.675	5.010	5.801	6.001	6.101	6.101	6.101	6.101	6.184

Management expects that the production and sales volumes during the forecast period prior to putting into operation power unit #3 will be stable. EGRES-2 expects the launch of power unit #3 in 2025 and assumes a uniform distribution of electricity generation between power unit #3 and power units #1 and #2 in the forecast period starting from 2025. Although management expects stable volumes of electricity sales during the forecast period, a 10% decrease in the allowable limits will result in decrease of EGRES-2 property, plant and equipment by Tenge 21,180,283 thousand and accordingly, the Group's investment in EGRES-2 by Tenge 10,590,141 thousand.

**3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)***The discount rate*

The rate of 12.94% was estimated considering the reflection of the current market risk assessment inherent to EGRES-2, and is estimated based on the weighted average cost of capital for the industry. In the future further changes in the discount rate may be necessary to reflect the changing risks inherent in the industry and changes in the weighted average cost of capital. An increase in the discount rate by 1% will lead to decrease of EGRES-2 property, plant and equipment by Tenge 12,131,267 thousand, and accordingly increase in impairment the Group's investment in EGRES-2 by Tenge 6,065,633 thousand.

***Accounting for property, plant and equipment***

Property with a carrying value of Tenge 19,193,217 thousand represent the assets of the First Wind Power Plant (PVES) in the amount of Tenge 18,299,975 thousand and Kapchagai Solar Power (Kapchagai SES) in the amount of Tenge 893,242 thousand. Settlement and Financial Center - a subsidiary of KEGOC acts as the agent who buys the entire volume of electricity produced by companies producing electricity from renewable energy sources and resells it to stations producing electricity from coal and hydrocarbons. The entire volume of electricity is purchased at the station at a specified rate above the market rate, which is annually adjusted to the inflation.

According to the IASB (IFRIC) 4 contracts of this nature may contain signs of the lease. Management has assessed the requirements of the IASB (IFRIC) 4 and concluded that the contract is an operating lease in which PVES and Kapchagai SES act as lessors. Therefore, proceeds from the sale of electric power stations, were included in the income from the rental power plants.

Based on the measurement of fair value of investment property as of 30 September 2017 the Group did not reveal any impairment indicators of investment property (31 December 2016: no indicators).

***Accounting for property of Hydropower companies***

In 1997 the Government of the Republic of Kazakhstan and AES Suntry Power Limited signed the agreement on concession of Hydropower companies assets. According to the concession agreement, the assets of Ust-Kamenogorskaya hydropower station and Shulbinskaya hydropower station were transferred to AES Suntry Power Limited with the right for ownership, usage and disposal for the period of 20 years, which can be extended for the further period of 10 years. Under the agreement terms, the Government of the Republic of Kazakhstan is entitled to an annual fee. AES Suntry Power Limited established the concession companies to manage the concession assets. The concession companies are fully responsible and liable for the property and operations of the hydropower stations from 31 December 1998 and in further periods under the agreement terms.

Upon expiration of the agreement, AES Suntry Power Limited will transfer its interest in the concession companies to the Government of the Republic of Kazakhstan for a consideration of US dollar 1 plus carrying amount of improvements made by AES Suntry Power Limited and the concession companies. Accordingly, AES Suntry Power Limited will transfer the ownership right for the concession companies to the Government of the Republic of Kazakhstan rather than transferring the property to the Hydropower companies.

Thus, the Group's management believes that the concession companies bear all risks and rewards related to the operations of Ust-Kamenogorskaya hydropower station and Shulbinskaya hydropower station. Accordingly, the cost of the property transferred under the concession agreement was not included in these condensed consolidated interim financial statements.

***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 volume 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.



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

***Settlement agreement with Akimat***

AZhK was involved in litigation with Akimat of Almaty city, a City administration (further "Akimat"). As of 30 September 2017 the liability in the amount of Tenge 5,841,514 thousand (31 December 2016: Tenge 5,841,514 thousand) is reported as a financial liability in the consolidated financial statements according to settlement agreement dated 14 August, 2008. During 2013 as a result of the litigation, AZhK has recorded an additional provision in the amount of Tenge 929,907 thousand and the State duty in the amount of Tenge 246,473 thousand. On 31 December 2013 the State duty was fully paid.

On 14 February 2014 AZhK and Akimat signed an amicable agreement. Based on this agreement, the payable to Akimat would be offset against AZhK receivables from Almaty Heat Systems JSC in the amount of Tenge 433,158 thousand and Energosberezhenie PUC in the amount of Tenge 3,281,556 thousand, payment by AZhK to Akimat of Tenge 1,000,000 thousand and acceptance from Akimat power lines in its communal ownership. Therefore, management did not recognise reserves from litigation in the amount of Tenge 929,907 thousand, as based on the amicable agreement AZhK did not expect future outflows as of 31 December 2014, related to this obligation.

On 17 September 2014 AZhK and Almaty Heat Systems JSC signed agreement on writing off the debt of Almaty Heat Systems JSC in the amount of Tenge 433,158 thousand. Therefore, AZhK reported this write-off as a decrease of financial liability to Akimat.

On 28 September 2015 AZhK has signed a quadripartite agreement on offsetting mutual claims with Akimat, "Almaty heating networks" JSC and "Almaty Power Stations" JSC, according to which AZhK has to pay 1,000,000 thousands tenge in favour of "Almaty Power Stations" JSC until 30 June of 2016. AZhK paid the debt of "Almaty Power Stations" JSC in December 2015, thus payable to the Akimat of 31 December 2016 was reduced to Tenge 5,841,514 thousand. According to the amicable agreement cash outflow for the repayment of this debt are not necessary. The debt will be written off after the transfer of electrical networks by the Akimat to AZhK.

***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 Republic of Kazakhstan 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 JSC "Samruk-Energy", holding 50% + 1 shares and 50% - 1 share, respectively, as of 30 June 2017. The entity was established in 2008 as a joint stock company. In June 2012, JSC "BTPP" and Samsung Engineering 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 Corporation" 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 Republic of Kazakhstan); the tariffs in the contract are set in US dollars.

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

On 14 February 2012 JSC "Samruk-Energy" and Samsung C&T signed the "Option Agreement regarding the shares of JSC" BTTP ". In accordance with this agreement, Samsung C&T has the option to require the Company to acquire Samsung C&T's shares of BTTP, 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.

Until August 2016 the JSC "Samruk-Energy" and Samsung C&T have repeatedly extended this option to sell the shares.

In order to organise 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 "Samruk-Energy" of its intention to exercise the option to sell the shares in accordance with the Option Agreement.

Due to the lack of financing for BTTP on 31 August 2016 Samsung Engineering Co. Ltd also notified BTTP about the termination of the EPC contract.

In accordance with the requirements of the Option Agreement, the option price is equal to the aggregate amount paid by Samsung C & T Corporation 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 Corporation, net of any dividends and other payments received by Samsung C & T Corporation for its shares. As of 30 June 2017 the book value of the share capital of Samsung C & T in BTTP is Tenge 32.085 billion, while the amount of Samsung C&T's contributions amounted to 192 million US dollars.

After receiving notification from Samsung C&T, Samruk Energy and the Government of Kazakhstan has adopted a number of measures in respect of this matter from October 2016 until now.

Taking into account the strategic importance of the project to ensure power system reliability in Southern Kazakhstan, the Government of Kazakhstan approved the continuation of negotiations with Samsung C&T.

In particular, the Government of Kazakhstan and the state authorities of Kazakhstan 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 Samsung Engineering Co. Ltd and Samsung C&T 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.

Management believes that the Group will receive the necessary support for the continuation of construction and further joint activities with Samsung C&T on the basis of the following factors:

- According to the current forecast of energy consumption, the Southern region will experience a shortage of electricity in the future;
- The project of construction of the Balkhash Thermal Power Plant is the subject of an intergovernmental agreement between the Republic of Kazakhstan and Republic of Korea;
- The Government of the Republic of Kazakhstan set the future tariffs for the service to maintain the availability of capacity of power generating units in US dollars for the period from 2018 to 2039 years to support the project.

Therefore, management believes that the project will be resumed within the existing entity, and that the conditions of Capacity Purchase Agreement, including tariffs, denominated in US dollars, will provide sufficient cash flows to recover the investment and the probability of a loss arising related to the Option Agreement is low.

Based on the arguments above, management believes that as of the date of approval of these condensed consolidated interim financial statements it is not necessary to reflect any impairment of the Group's investment in JSC "BTTP" nor to record any additional obligations related to the project, including in respect of the Option Agreement. At the same time management notes that at the date of signing the condensed consolidated interim financial statements uncertainty exists in respect of the continuation or timing of the completion of the project and it is impossible to assess its impact on the Group and on the condensed consolidated interim financial statements.

#### **4 Segment Information**

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocate resources and assess the performance for the entity. The functions of the CODM are performed by the management board of the Group.

CODM 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 profit before tax.

The entities whose operations were reclassified as the discontinued operations continued to participate in the Group's operations as of 30 June 2017, 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 Condensed Consolidated Interim Financial Statements – 30 September 2017**
**4 Segment Information (Continued)**

<i>In thousands of Kazakhstan Tenge</i>	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 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
External revenues	87,675,169	68,029,065	21,127,313	27,666,897	90,610,736	106,285,673	2,449,699	-	201,862,917	201,981,635
Inter-segment revenue	39,127,286	40,058,242	25,236,130	29,923,540	323	639	468,382	-	64,832,121	62,806,032
Discontinued operations revenue	(6,030,291)	(5,605,954)	(17,799,119)	(16,565,773)	(20,778,816)	(19,995,969)			(44,608,226)	(42,167,696)
<b>Total revenue</b>	<b>120,772,164</b>	<b>102,481,353</b>	<b>28,564,325</b>	<b>41,024,664</b>	<b>69,832,242</b>	<b>86,290,343</b>	<b>2,918,081</b>	<b>-</b>	<b>222,086,812</b>	<b>229,796,360</b>
Share of income from joint ventures and associates	(11,541,417)	1,466,515	-	-	-	-	10,329,935	2,788,632	(1,211,482)	4,255,147
<b>Profit/(loss) before income tax</b>	<b>7,483,821</b>	<b>16,917,865</b>	<b>5,995,396</b>	<b>4,173,754</b>	<b>1,254,469</b>	<b>1,151,778</b>	<b>(13,559,050)</b>	<b>(6,739,588)</b>	<b>1,174,635</b>	<b>15,503,809</b>
<b>Profit/(loss) before income tax from discontinued operations</b>	<b>141,207</b>	<b>239,349</b>	<b>4,705,943</b>	<b>3,931,421</b>	<b>(145,061)</b>	<b>(1,136,882)</b>	<b>(117,011)</b>	<b>(160,011)</b>	<b>4,585,078</b>	<b>2,873,877</b>
<b>Capital expenditure</b>	<b>15,636,745</b>	<b>35,907,063</b>	<b>22,837,339</b>	<b>24,350,306</b>	<b>33,971</b>	<b>91,908</b>	<b>115,398</b>	<b>247,860</b>	<b>38,623,453</b>	<b>60,597,136</b>
<i>In thousands of Kazakhstan Tenge</i>	<b>30 Sep 2017</b>	<b>31 December 2016</b>	<b>30 Sep 2017</b>	<b>31 December 2016</b>	<b>30 Sep 2017</b>	<b>31 December 2016</b>	<b>30 Sep 2017</b>	<b>31 December 2016</b>	<b>30 Sep 2017</b>	<b>31 December 2016</b>
Reportable segment assets	754,106,522	732,185,580	120,955,021	114,032,016	8,661,122	9,607,313	737,681,244	142,254,677	1,621,403,908	998,079,586
Assets of discontinued operations	10,613,328	10,785,929	50,771,974	48,321,638	1,678,704	2,993,514	14,656,460	14,599,322	77,660,467	76,700,403
Reportable segment liabilities	291,717,315	265,046,446	44,162,317	44,009,581	8,507,723	10,204,090	317,682,767	241,969,005	662,070,121	561,229,122
Liabilities of discontinued operations	2,172,045	2,212,965	23,791,789	24,969,142	2,592,776	4,154,655	76,845	70,885	28,633,454	31,407,647

## 4 Segment Information (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	<b>9 months ended 30 September 2017</b>	<b>9 months ended 30 September 2016</b>
Total revenues for reportable segments	219,168,731	157,158,825
Revenues from other operations	2,918,081	150,895
<b>Total revenue</b>	<b>222,086,812</b>	<b>157,309,720</b>
Inter-segment revenue	(64,832,121)	(69,982,421)
<b>Total consolidated revenues</b>	<b>157,254,690</b>	<b>159,813,939</b>

\* Comparative information has been adjusted to reflect results of discontinued operations

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

<i>In thousands of Kazakhstani Tenge</i>	<b>9 months ended 30 September 2017</b>	<b>9 months ended 30 September 2016</b>
<b>Adjusted EBITDA</b>	<b>56,321,702</b>	<b>54,612,597</b>
Depreciation and amortisation	(32,971,472)	(33,736,379)
Finance income	1,975,420	5,646,724
Finance costs	(22,076,305)	(14,793,257)
Share of (loss)/profit of associates	(2,059,269)	4,255,147
Impairment of goodwill and assets	(15,441)	(481,022)
<b>Profit before income tax for the period</b>	<b>1,174,635</b>	<b>15,503,810</b>
<b>Profit before income tax for the period from discontinued operations</b>	<b>4,585,078</b>	<b>2,873,877</b>
<b>Total profit before income tax for the period from continuing operation</b>	<b>5,759,713</b>	<b>18,377,687</b>

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2017</b>	<b>31 December 2016</b>
Total reportable segment assets	883,722,664	855,824,909
Assets from other operations	737,681,244	142,254,677
Assets of discontinued operations	77,660,467	76,700,403
<b>Total assets</b>	<b>1,699,064,375</b>	<b>1,074,779,989</b>
Elimination of balances between segments	(564,600,530)	(25,732,181)
<b>Total consolidated assets</b>	<b>1,134,463,845</b>	<b>1,049,047,808</b>

**4 Segment Information (Continued)**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
Total reportable segment liabilities	344,387,354	319,260,118
Liabilities from other operations	317,682,767	241,969,005
Liabilities of discontinued operations	28,633,454	31,407,647
<b>Total liabilities</b>	<b>690,703,575</b>	<b>592,636,770</b>
Elimination of balances between segments	(69,932,729)	(60,185,096)
<b>Total consolidated liabilities</b>	<b>620,770,846</b>	<b>532,451,674</b>

**(f) Analysis of revenues by products and services**

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

**(g) Major customers**

During six months periods ended 30 September 2017 and 30 September 2016 there were no customers for which sales of the Group represented 10% or more of the total revenues. There has been no material change in total assets or total liabilities from the amounts disclosed in the last annual financial statements.

**5 Balances and Transactions with Related Parties**

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

The related parties include the companies under control of Samruk-Kazyna. Transactions with the state owned entities are not disclosed when they are entered into in the ordinary course of business 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.

At 30 September 2017, the outstanding balances with related parties were as follows (including outstanding balances of discontinued operations):

<i>In thousands of Kazakhstan Tenge</i>	<b>Companies under common control</b>	<b>JVs and associates of Samruk- Energy</b>	<b>JVs and associates of Samruk- Kazyna</b>	<b>Shareholder</b>	<b>Government related entities</b>
Trade and other receivables	1,553,151	307,557	40,114	-	2,044,972
Cash and cash equivalents	25,809	-	-	-	375,644
Short-term financial assets					
Other current assets	-	-	-	226,479	-
Borrowings	-	-	490,354	58,969,261	20,245,998
Trade and other payables	2,906,297	2,652,182	223,658	1,203,622	1,718,259

**SAMRUK-ENERGY JSC**
**Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2017**
**5 Balances and Transactions with Related Parties (Continued)**

At 31 December 2016, the outstanding balances with related parties were as follows (including outstanding balances of discontinued operations):

<i>In thousands of Kazakhstan Tenge</i>	<b>Companies under common control</b>	<b>JVs and associates of Samruk-Energy</b>	<b>JVs and associates of Samruk-Kazyna</b>	<b>Shareholder</b>	<b>Government related entities</b>
Trade and other receivables	1,551,209	350,306	61,335	-	3,754,544
Cash and cash equivalents	33,699	-	-	-	284,000
Other current assets	110,793	1,728,179	-	-	93
Finance assets	-	-	-	223,491	-
Borrowings	-	-	755,359	58,381,851	22,339,093
Trade and other payables	2,746,724	1,856,038	3,353	59,987	292,461
Other payables	-	5,489	244,803	-	931,083

The income and expense items with related parties for six months ended 30 September 2017 were as follows (including results of discontinued operations):

<i>In thousands of Kazakhstani Tenge</i>	<b>Companies under common control</b>	<b>JVs and associates of Samruk- Energy</b>	<b>JVs and associates of Samruk- Kazyna</b>	<b>Shareholders</b>	<b>Government related entities</b>
Revenue	19,794,599	1,890,654	2,139,788	-	13,853,637
Cost of sales	25,109,789	16,128,438	7,396	-	2,507,351
General and administrative expenses	265,787	-	-	-	-
Distribution costs	11,044,103	-	-	-	-
Other expenses	305,662	-	-	70,717	-
Other income	302,059	29,887	15,004	-	-
Finance costs	-	-	-	3,994,258	1,044,618
Finance income	-	-	-	6,479	-
Gain on foreign exchange	-	77,810	-	-	52,948

The income and expense items with related parties for six months ended 30 September 2016 were as follows (including results of discontinued operations):

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

Key management compensation is presented below:

<i>In thousands of Kazakhstani Tenge</i>	<b>9 months ended 30 September 2017</b>	<b>9 months ended 30 September 2016</b>
Key management compensation	265,245	93,855
<b>Total key management compensation</b>	<b>265,245</b>	<b>93,855</b>

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel as at 30 September 2017 include 10 persons (30 September 2016: 7 persons).

## 6 Property, Plant and Equipment

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Buildings and constructions</b>	<b>Machinery and equipment</b>	<b>Other</b>	<b>Construction in progress</b>	<b>Total</b>
Cost at 1 January 2017	222,263,504	581,115,509	13,231,709	103,875,116	920,485,838
Accumulated depreciation and impairment	(37,220,988)	(100,851,617)	(4,434,306)	(1,707,287)	(144,214,198)
<b>Carrying amount at 1 January 2017</b>	<b>185,042,516</b>	<b>480,263,892</b>	<b>8,797,403</b>	<b>102,167,829</b>	<b>776,271,640</b>
Additions	302,432	792,775	383,246	32,894,028	34,372,481
Transfers	4,072,125	10,040,468	41,512	(14,154,105)	-
Changes in accounting estimate	(35,899)	-	11,880	-	(24,019)
Depreciation	(7,278,587)	(25,043,391)	(649,494)	-	(32,971,472)
Disposals	(1,252)	(95,908)	(10,934)	(194,195)	(302,289)
<b>Carrying amount at 30 September 2017</b>	<b>182,101,335</b>	<b>465,957,836</b>	<b>8,573,613</b>	<b>120,713,557</b>	<b>777,346,341</b>
Cost at 30 September 2017	226,641,031	591,618,789	13,565,456	122,383,525	954,208,801
Accumulated depreciation and impairment	(44,539,696)	(125,660,953)	(4,991,843)	(1,669,968)	(176,862,460)
<b>Carrying amount at 30 September 2017</b>	<b>182,101,335</b>	<b>465,957,836</b>	<b>8,573,613</b>	<b>120,713,557</b>	<b>777,346,341</b>

Additions for the period include capitalised borrowing costs in the amount of Tenge 1,548,375 thousand (2016: Tenge 6,596,352 thousand).

As at 30 September 2017 the property, plant and equipment with carrying value of Tenge 6,109,822 thousand (31 December 2016: Tenge 5,601,990 thousand) were pledged as collateral for borrowings received by the Group from JSC "Development Bank of Kazakhstan".

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

<i>In thousands of Kazakhstani Tenge</i>	<b>9 months ended 30 September 2017</b>	<b>9 months ended 30 September 2016</b>
Cost of sales	32,340,804	32,490,595
General and administrative expenses	621,450	716,637
Other expenses	9,218	12,986
<b>Total depreciation charge</b>	<b>32,971,472</b>	<b>33,220,218</b>



## 7 Investments in Joint Ventures and Associates

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

<i>In thousands of Kazakhstani Tenge</i>	Joint ventures		Associate	
	EGRES-2	Forum Muider	BTES	Total
<b>Balance at 1 January 2016</b>	<b>29,522,946</b>	<b>25,524,702</b>	<b>16,999,930</b>	<b>72,047,578</b>
Contribution to share capital	-	-	12,483,261	12,483,261
Share of profit/(loss) for the period	1,466,515	3,276,244	(487,611)	4,255,148
Dividend accrued	1,500,000	(3,309,036)	-	(1,809,036)
<b>Balance at 30 September 2016</b>	<b>32,489,461</b>	<b>25,491,910</b>	<b>28,995,580</b>	<b>86,976,951</b>
<b>Balance at 1 January 2017</b>	<b>31,810,630</b>	<b>26,524,888</b>	<b>27,570,522</b>	<b>85,906,040</b>
Share of profit/(loss) for the period	(10,723,123)	10,329,935	(1,666,082)	(2,059,270)
Dividend accrued	-	(6,152,693)	-	(6,152,693)
<b>Balance at 30 September 2017</b>	<b>21,087,507</b>	<b>30,702,130</b>	<b>25,904,440</b>	<b>77,694,077</b>

At 30 September 2017 the Group has interests in the following jointly controlled entities:

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

The Group has interests in an associate - Balkhashskaya TES (50% minus one share). An entity was incorporated in the Republic of Kazakhstan, established by the Group in 2008 for construction of Balkhash thermal power station.

## 8 Other Non-Current Assets

<i>In thousands of Kazakhstani Tenge</i>	30 September 2017	31 December 2016
Restricted cash	915,958	895,025
Long term deposits	62,525	62,525
<b>Total financial other non-current assets</b>	<b>978,483</b>	<b>957,550</b>
Prepayments for non-current assets	10,222,974	15,302,114
Non-current VAT receivable	654,759	1,429,099
Other non-current assets	179,627	165,172
<b>Total other non-current assets</b>	<b>12,035,843</b>	<b>17,853,935</b>

**8 Other Non-Current Assets (Continued)**

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

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
Modernization of Shardara GES	6,440,575	7,453,393
Construction and reconstruction of substations in Almaty and Almaty region	3,669,309	5,479,090
Construction of administrative building	-	2,200,000
Reconstruction and expansion of HPP-2 of ALES	48,734	138,680
Other	64,356	30,951
<b>Total prepayments for non-current assets</b>	<b>10,222,974</b>	<b>15,302,114</b>

In 2014 the Group entered into a contract for the purchase of a real estate with LLP "EXPO Village". In April 2017 the Group entered into an agreement with LLP "EXPO Village" on the termination of the contract for the purchase of the real estate (construction of an office building) on the terms of repayment of previously paid advances until 31 December 2017 due to supplier's failure to fulfil the obligations to complete work on time until 31 January 2017. As of 30 September 2017 the amount of the advance paid in the amount of Tenge 2,200,000 thousand was reclassified to other current assets.

**9 Inventories**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
Auxiliary production materials	4,970,973	5,421,363
Fuel	4,309,186	4,113,423
Spare parts	947,226	617,517
Raw materials	27,510	24,416
Other materials	521,070	479,012
Less: provision for write down to net realisable value and provision for slow-moving and obsolete inventories	(916,233)	(974,193)
<b>Total inventories</b>	<b>9,859,732</b>	<b>9,681,538</b>

**10 Trade and Other Receivables**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
Trade receivables	16,510,653	16,054,148
Less: impairment provision	(213,751)	(217,216)
<b>Total financial trade and other receivables</b>	<b>16,296,902</b>	<b>15,836,932</b>
Other receivables	4,159,291	4,147,560
Less: impairment provision	(3,869,125)	(3,824,395)
<b>Total trade and other receivables</b>	<b>16,587,068</b>	<b>16,160,097</b>

Group's financial trade and other receivables are denominated in Tenge as at 30 September 2017 and 31 December 2016. Their carrying values approximate their fair values due to the short-term nature.

**SAMRUK-ENERGY JSC****Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2017****11 Other Current Assets**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
Term deposits	26,134,804	31,569,244
Bonds	226,479	223,491
Restricted cash	8,060,683	6,399,315
Dividends receivable	1,591,597	1,728,179
<b>Total financial other current assets</b>	<b>36,013,563</b>	<b>39,920,229</b>
VAT recoverable and prepaid taxes	2,381,205	2,141,687
Advances to suppliers	1,851,766	1,406,572
Assets held for the benefit of the Shareholder	1,096,605	1,096,559
Other	3,108,454	851,239
Less: impairment provision	(1,134,940)	(639,658)
<b>Total other current assets</b>	<b>43,316,653</b>	<b>44,776,628</b>

Term deposits are denominated in following currencies:

<i>В тысячах казахстанских тенге</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
US Dollar	23,253,066	4,772,577
Kazakhstani Tenge	2,881,738	26,796,667
<b>Total term deposits</b>	<b>26,134,804</b>	<b>31,569,244</b>

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

**12 Cash and Cash Equivalents**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
Deposits on demand	10,260,309	4,503,007
Cash at current bank accounts	104,745,592	12,828,149
Cash on hand	21,794	19,305
<b>Total cash and cash equivalents</b>	<b>115,027,695</b>	<b>17,350,461</b>

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

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

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
Kazakhstani Tenge	100,253,963	2,042,227
US Dollar	13,459,122	15,244,231
Other currencies	1,314,610	64,003
<b>Total cash and cash equivalents</b>	<b>115,027,695</b>	<b>17,350,461</b>

**13 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 31 December 2016 all assets and liabilities of East Kazakhstan regional electricity distribution company (VKREC), Shygys Energo Trade LLP (SHET), Mangistau electricity distribution company (MEDC), Aktobe TPS (ATPS), Mangyshlak Munay (MM), Tegis Munay (TM) have been included in assets held for sale.

On 13 September 2016, management of ALES approved plan on realization of Talgar HPP. The carrying value of this asset as of 30 June 2017 equals Tenge 68,367 thousand.

Since the operations of VKREC, SHET, MEDC, ATPS, MM and TM represented separate major types of the Group's operations, these disposal groups are presented as discontinued operations in the condensed consolidated interim financial statements. Condensed consolidated interim statement of profit or loss and other comprehensive income, for prior period has been restated and presented in accordance with the presentation of the current year.

In the first half of 2017, the Group's management published media notices on the sale of MEDC and VKREC assets and received bids for participation in an open tender for the sale of these assets. Based on the received price applications, the Group recognised a loss from the impairment of the assets of MEDC and JSC VKREC for amounts Tenge 1,864,359 thousand and Tenge 205,036 thousand, respectively.

**13 Non-current Assets Held for Sale and Disposal Groups (Continued)**

Major classes of assets classified as disposal group are as follows (Except for the net assets of the Talgar HPP in the amount of Tenge 68,367 thousand):

<i>In thousands of Kazakhstani Tenge</i>	<b>Aktobe TPS</b>	<b>MEDC</b>	<b>VKREC</b>	<b>SHET</b>	<b>MM</b>	<b>TM</b>	<b>Total</b>
Property, plant and equipment	9,979,907	31,299,076	16,345,045	137,732	21,523	3,543	57,786,825
Intangible assets	22,910	235,536	396,010	37,484	297	5	692,242
Exploration assets	-	-	-	-	6,316,935	7,745,990	14,062,925
Other non-current assets	64,332	372,703	-	-	613,976	4,298	1,055,309
Deferred income tax assets	-	-	-	41,889	-	-	41,889
Inventories	360,452	295,925	499,468	11,515	3,455	563	1,171,378
Trade receivables	144,623	322,200	143,191	1,107,636	-	-	1,717,650
Other current assets	29,276	296,264	63,636	157,740	4,145	43	551,104
Cash and cash equivalents	11,828	330,684	105,509	124,331	8,543	249	581,144
<b>Total assets classified as held for sale (or disposal groups)</b>	<b>10,613,328</b>	<b>33,152,388</b>	<b>17,552,859</b>	<b>1,618,327</b>	<b>6,968,874</b>	<b>7,754,691</b>	<b>77,660,467</b>
Employee benefits	118,920	100,276	108,794	-	-	-	327,990
Borrowings	-	13,709,115	1,481,493	1,533,333	-	-	16,723,941
Deferred income tax liability	642,804	1,927,585	1,021,762	-	-	-	3,592,151
Other liabilities	141,696	2,999,581	928,909	1,038,652	69,019	2,215	5,180,072
Trade payables	1,178,625	639,805	758,113	227,147	5,582	29	2,809,301
<b>Total liabilities directly associated with disposal groups classified as held for sale</b>	<b>2,082,045</b>	<b>19,376,362</b>	<b>4,299,071</b>	<b>2,799,132</b>	<b>74,601</b>	<b>2,244</b>	<b>28,633,455</b>

## 14 Equity

*Share capital*

	Issue date	Number of authorised and issued shares	Value per share, Tenge	Share Capital, (thousands of Tenge)
<b>Balance at 1 January 2016</b>		<b>5,585,723</b>		<b>355,650,405</b>
Payment of unpaid portion of previous issues:				
15 <sup>th</sup> issue of shares	1 of April 2016	10,964	1,000,044	10,964,483
16 <sup>th</sup> issue of shares	14 of July 2016	2,239	1,340,000	3,000,260
17 <sup>th</sup> issue of shares	23 of August 2016	2,761	1,340,000	3,699,740
<b>Balance at 31 December 2016</b>		<b>5,601,687</b>		<b>373,314,888</b>
<b>Balance at 30 September 2017</b>		<b>5,601,687</b>		<b>373,314,888</b>

At 30 September 2017, 5,601,687 issued common shares were fully paid (31 December 2016: 5,601,687 shares). Each ordinary share carries one vote. The Company does not have any preference shares.

*Dividends*

On 25 May 2017 the Group declared dividends to its only shareholder for amount of Tenge 4,704,896 thousand. Dividends were paid on 25 July 2017.

*Other reserves*

<i>In thousands of Kazakhstan Tenge</i>	Merger reserve	Result of transactions with shareholder	Other comprehensive loss	Total
<b>Balance at 1 January 2017</b>	<b>37,282,287</b>	<b>90,607,549</b>	<b>(250,459)</b>	<b>127,639,377</b>
Other comprehensive loss	-	-	34,241	34,241
<b>Balance at 30 September 2017</b>	<b>37,282,287</b>	<b>90,607,549</b>	<b>(216,218)</b>	<b>127,673,618</b>

**15 Borrowings**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
<b>Non-current portion</b>		
Loans from Samruk-Kazyna	56,238,262	55,764,655
Bank term loans	222,505,028	137,031,748
Bonds issued	19,917,597	-
Loans from customers	1,590,247	1,648,554
<b>Total borrowings - non-current portion</b>	<b>300,251,134</b>	<b>194,444,957</b>
<b>Current portion</b>		
Bank term loans	25,578,256	22,657,845
Bonds issued	145,063,286	166,751,874
Loans from Samruk-Kazyna	2,730,999	2,617,196
Loans from customers	666,441	638,370
Notes payable	450,358	450,358
<b>Total borrowings-current portion</b>	<b>174,489,340</b>	<b>193,115,643</b>
<b>Total borrowings</b>	<b>474,740,474</b>	<b>387,560,600</b>

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

<i>In thousands of Kazakhstan Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
<i>Samruk-Energy</i>		
Samruk-Kazyna	58,969,261	58,381,852
Eurobonds	144,788,841	166,751,874
Issued bonds	20,192,041	-
Halyk Bank	39,752,222	-
Kazkommertsbank	10,180,000	10,180,000
Sberbank	7,687,495	1,953,608
<b>Total Samruk-Energy</b>	<b>281,569,860</b>	<b>237,267,334</b>
<i>AZhK</i>		
Loans from customers	2,255,824	2,383,016
Halyk Bank	11,890,467	1,442,443
Notes payable	450,358	450,358
<b>Total AZhK</b>	<b>14,596,649</b>	<b>4,275,818</b>

**SAMRUK-ENERGY JSC****Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2017****15 Borrowings (Continued)**

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

<i>In thousands of Kazakhstan Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
<i>Almaty Power Station</i>		
Halyk Bank	19,919,847	7,845,934
<b>Total Almaty Power Station</b>	<b>19,919,847</b>	<b>7,845,934</b>
<i>Moinak HPS</i>		
State Development Bank of China	53,664,183	53,732,805
Development Bank of Kazakhstan	20,245,999	22,339,093
<b>Total Moinak HPS</b>	<b>73,910,182</b>	<b>76,071,898</b>
<i>AlmatyEnergoSbyt</i>		
Halyk Bank	2,290,074	2,254,827
<b>Total AlmatyEnergoSbyt</b>	<b>2,290,074</b>	<b>2,254,827</b>
<i>PVES</i>		
Eurasian Development Bank	11,711,433	13,174,957
<b>Total PVES</b>	<b>11,711,433</b>	<b>13,174,957</b>
<i>Shardard HPP</i>		
European Bank for reconstruction and development	14,466,887	11,560,938
<b>Total Shardara HPS</b>	<b>14,466,887</b>	<b>11,560,938</b>
<i>Energy Semirechya</i>		
SPK Zhetisu	863	3,061
<b>Total Energy Semirechya</b>	<b>863</b>	<b>3,061</b>
<i>EGRES-1</i>		
Sberbank	28,114,345	-
Halyk Bank	28,160,334	35,105,833
<b>Total EGRES-1</b>	<b>56,274,679</b>	<b>35,105,833</b>



**15 Borrowings (Continued)**

The carrying amount and fair value of borrowings are presented below:

<i>In thousands of Kazakhstani tenge</i>	<u>Carrying amount</u>		<u>Fair value</u>	
	<b>30 September 2017</b>	<b>2016</b>	<b>30 September 2017</b>	<b>2016</b>
Bonds	164,980,883	166,751,874	163,419,388	167,789,851
Loans from customers	2,255,824	2,286,924	1,911,156	2,331,773
Term bank loans	248,084,148	159,689,592	248,084,149	162,426,872
Notes payable	450,358	450,358	450,358	450,358
Loans from Samruk-Kazyna	58,969,261	58,381,852	42,658,618	53,653,250
<b>Total borrowings</b>	<b>474,740,474</b>	<b>387,560,600</b>	<b>456,523,669</b>	<b>386,652,104</b>

**Samruk-Energy**

On 17 March 2010 the Group signed a loan agreement with Samruk-Kazyna for amount of 48,200,000 thousands tenge for the purpose of re-financing of debt arising as the result of acquisition of 50% interest in Forum Muider. The loan carries an interest rate of 1.2% per annum with maturity not later than 15 September 2029. The principal amount is payable in equal annual instalments and interest is payable by semi-annual payments starting from the following reporting year after the receipt of loan.

On 14 January 2011 the Group signed a loan agreement with Samruk-Kazyna for amount of 7,000,000 thousands tenge for the purpose of financing construction of substation of AZhK. The loan carries an interest rate of 2% per annum with maturity not later than 25 January 2024. The principal amount is payable at maturity and interest is payable by semi-annual payments.

On 16 January 2014 the Group signed a loan agreement with Samruk-Kazyna for amount of 200,000,000 thousands tenge for the purpose of acquisition of remaining share in EGRES-1. The principal amount is payable on 1 December 2028 and interest at 7.8%.

Subsequently, on 3 October 2014, the loan agreement was substantially modified pursuant to the addendum #1 to the loan agreement #369 in the following way:

- Principal amount 100,000,000 thousands tenge was extinguished as a contribution to share capital
- Interest rate on the remaining principal amount was increased to 9%, which approximates the market interest rate.

On 25 December 2015 the loan agreement was significantly amended in accordance with the amendment #2 to credit agreement #369-I, the interest rate on the principal amount was reduced to 1% per annum. Management estimates that the reduction of the interest rate to a non-market rate of 1% and the change of the priority of a loan to a subordinated one represent a significant change in the conditions of the loan. Management believes that such a change in the conditions of the loan should be considered as an extinguishment of the original loan and recognition of a new loan at a fair value.

At the date when loan conditions changed the market rate was 12.8% per annum. The Group recognized a gain on initial recognition of the loan in the amount of 72,581,903 thousands tenge as part of other reserves. Management believes that by providing a loan at a rate below market, Samruk-Kazyna acted as a Company's shareholder.

Gain on initial recognition of the loan was recorded as the difference between the nominal value and fair value at the recognition date, calculated using the discounted cash flow method at the effective rate of 12,8% per annum.

**Bonds**

On 7 September 2012 and 6 December 2012 the Group issued and placed Eurobonds with following parameters:

- The volume of issue - U.S.\$ 500,000,000;
- Form – based on Regulation S;
- Notes due in 5 years

The coupon interest rate is fixed at the rate of 3.75% per annum (effective rate 3.85%). The number and type of bonds issued: 500,000 (five hundred thousand) bonds without security. Nominal value of one bond is 1,000 USD

## **SAMRUK-ENERGY JSC**

### **Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2017**

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(one thousand). The issue was registered on the Irish Stock Exchange on 20 December 2012 under the number ISIN-XS0868359166. The Kazakhstan Stock Exchange included JSC "Samruk-Energy" in the official register of the

#### **15 Borrowings (Continued)**

category "rated debt securities" on 20 December 2012 under the number ISIN-XS0868359166. The Group issued and placed Eurobonds for the full amount of 500,000 thousand USD.

During the first half of 2013 the Group placed bonds on the Kazakhstan Stock Exchange for the total amount of 2,956,595 thousands tenge with a coupon rate of 6%. Bonds were repaid in November 2015.

On December 31, 2016 Eurobonds were classified as short-term loans, as the maturity of the bonds is in December 2017.

On 20 September 2017, Samruk-Energy JSC made a partial repayment of international coupon bonds (ISIN XS0868359166) for the amount of 80,000,000 (eighty million) US dollars. Taking into account the redemption, the total amount of bonds due on the scheduled maturity date of 20 December 2017 is 420,000,000 (four hundred twenty million) US dollars.

#### *Halyk Bank*

In accordance with the Loan Agreement with Halyk Bank, the Company received a loan for the amount of 40,000,000,000 (forty billion) tenge in September of 2017 for a period of 5 years at a rate of 13% per annum.

#### *Kazkommertsbank*

During 2015 a loan for the amount of 10,000,000 thousands tenge and a period of 5 years was obtained from "Kazkommertsbank" JSC according to the framework of an agreement on opening a credit line #1610 dated 21 October 2015. The purpose was to replenish the working capital. The nominal rate of the loan is 12%, and the effective rate is 12.7%.

#### *Sberbank*

During nine months of 2017, in accordance with the Credit Agreement with Sberbank of Russia, the Company received a loan of KZT 6,907,000 thousand for a period of 2 years at a rate of 13% per annum.

In June 2017, the Company repaid a short-term loan received in Sberbank of Russia for the amount of 230 million Russian rubles, which is equivalent to KZT 1,271,900 thousand.

#### *Bonds*

Based on the decision of the Board of Directors of Samruk-Energy JSC on 13 July 2017, the prospectus of the first bond program with the volume of 100,000,000,000 (one hundred billion) tenge was approved, and the terms of the first and second bond issues are:

- Issue volume – 20 billion tenge/28 billion tenge;
- Form of issue – coupon bonds without collateral;
- Maturity – 5 years;
- Coupon rate – 13%/12.5% per annum;
- Periodicity of payment of coupons – every six months/quarterly;
- Redemption – at the end of the circulation period (with the possibility of partial early repayment)

The coupon interest rate is fixed at 13% per annum (first issue) and 12.5% per annum (second issue). The number and form of issued bonds: 20 million pieces (first issue) / 28 million pieces (second issue) of coupon bonds without collateral. The nominal value of one bond is 1,000 (one thousand) tenge. The first and second issues were registered with the National Bank of the Republic of Kazakhstan on 3 August 2017 and included in the official list of the Kazakhstan Stock Exchange on 21 August 2017 under the category "Bonds" of the sector "Debt securities" of the "Basic" site under ISIN numbers: KZ2C00003986 and KZ2C00003994, respectively. The Company issued and placed the full amount of the above bonds for the amount of 48 billion tenge.

#### **AZhK**

#### *Notes payable*

On 1 August 2005 AZhK issued long-term notes in the amount of 450,358 thousands tenge for Powerfin Holding Investment B.V. ("Powerfin"). The note is interest free and matures not later than 1 August 2015, however the

amount was not repaid as at 31 December 2016 as the lender did not request the payment. The fair value of the note at initial recognition was determined based on the discounted cash flow method using discount rate 11.5%.

## 15 Borrowings (Continued)

On 30 June 2015 AZhK and Halyk Bank of Kazakhstan JSC (“Halyk Bank”) signed an agreement on a credit line of 1,745,211 thousands tenge with an interest rate of 13.0% per annum in Tenge for 5 years. The purpose of the credit line was CMP on reconstruction and new construction of 0.4 kW HV line on PDZ-5 with a transfer to self-supporting insulated wire, reconstruction of 6-10/0.4 kW transforming plant in compliance with operating requirements and construction of 6-10/0.4 kW transforming plant. As a security of obligations under the agreement, Halyk Bank was provided (will be provided) with collateral:

- movable goods – money on current accounts with the Bank;
- movable and immovable goods, which will be purchased/built/reconstructed at the expense of borrowings.

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

On 24 December 2015 AZhK concluded an additional agreement on the increase in the credit line to 3,245,211 thousands tenge and received a tranche of 1,500,000 thousands tenge with an interest rate of 14% for 12 months, the purpose being to replenish the working capital. The loan is repaid on a monthly basis, by equal installments, starting from the date the tranche was received.

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

On 18 August 2016 as part of the credit line a tranche in the amount of 562,013 thousands tenge with an interest rate of 14.0% per annum was received. The loan is repaid on a monthly basis, by equal installments starting from 18 September 2016 until 30 June 2020. Repayment is made in accordance with repayment schedule in the loan agreements.

### *Loans from customers*

In accordance with the resolution of Government of the Republic of Kazakhstan dated 21 February 2007, AZhK received loans from customers for additional electric capacities through construction of electric power transmission lines and infrastructure of connection of electricity grid or reconstruction of the existing electric power transmission lines and infrastructure. These loans are interest-free and not secured by any collateral. The loans from customers received by AZhK are repayable by equal payments within 20 years, beginning from the 4<sup>th</sup> year from AZhK’s receipt of the loans.

The loans from customers were initially recognised at their fair value applying the discounted cash flow method and using the prevailing market interest rate; and subsequently carried at amortised cost. The loans from customers for connection of additional capacity at 31 December 2016 amounted to 2,383,016 thousands tenge (31 December 2015: 2,489,183 thousands tenge). The difference between the nominal value and fair value of consideration received is recognised as deferred income.

In accordance with Law of the Republic of Kazakhstan No. 116-IV dated 29 December 2008, “On Introduction of Amendments and Additions to Certain Legislative Documents of the Republic of Kazakhstan Regarding the Issues of Operations of Independent Industry Regulators,” the amendments have been incorporated into the Law On Electric Power Engineering, which became effective from 1 January 2009, and excluded obligations of consumers of electric and thermal power to provide loans with regard to connection of additional capacities.

### *Halyk Bank of Kazakhstan*

On 30 June 2015 AZhK and Halyk Bank of Kazakhstan JSC (“Halyk Bank”) signed an agreement on a credit line of 1,745,211 thousands tenge with an interest rate of 13.0% per annum in Tenge for 5 years. The purpose of the credit line was CMP on reconstruction and new construction of 0.4 kW HV line on PDZ-5 with a transfer to self-supporting insulated wire, reconstruction of 6-10/0.4 kW transforming plant in compliance with operating requirements and construction of 6-10/0.4 kW transforming plant. As a security of obligations under the agreement, Halyk Bank was provided (will be provided) with collateral:

- movable goods – money on current accounts with the Bank;

- movable and immovable goods, which will be purchased/built/reconstructed at the expense of borrowings.

On 24 December 2015 AZhK concluded an additional agreement to increase the credit line to 3,245,211 thousands tenge, and received a tranche of 1,500,000 thousands tenge with an interest rate of 14% per annum for a period of 12

### **15 Borrowings (Continued)**

months, the objective is to replenish the working capital (hereinafter – Limit 2). The loan amount is repaid monthly, in equal installments, starting from the date of receipt of the tranche.

In February 2017 AZhK entered into an additional agreement to increase the credit line to 15,350,871 thousands tenge, of which 12,805,661 thousands tenge with an interest rate of 14.0% per annum for a period of 5 years beginning on 24 November 2016 (hereinafter referred to as Limit 3). The purpose of Limit 3 is the work related to the transfer of part of the loads from the existing substation #4 to the newly built 110/10-10 kV Substation Alatau; transfer of existing 6 kV networks to 10 kV from RP-41, transfer of existing 6 kV networks to 10 kV through RES-1 in the area of PS-1A, transfer of some loads from existing PS-5A, PS-17A and PS-132A to the newly constructed Substation 110/10 Otrar.

AZhK has an agreement with and received indicative terms from Halyk Bank about refinancing the debt on bonds for the amount of 7,500,000 thousand tenge, for a period of five years, with a 13% annual interest rate by increasing the amount of the current loan. By the decision of the Company's Management Board as of 26 June 2017, a decision was made to enter into an additional agreement to increase the credit line in the Halyk Bank from 15,350,871 thousand tenge to 22,850,871 thousand tenge.

#### **Almaty Power Station**

##### *Halyk Bank*

On 26 November 2014 Almaty Power Stations signed an agreement for a credit line with “Halyk Bank of Kazakhstan” for a period of 36 months. According to the loan agreement Almaty Power Stations to obtain a loan if in aggregate amount of loans outstanding will not exceed 4,000,000 thousands tenge. The loan was granted with a purpose of replenishment of working capital. The interest rate is 9% per annum. Payment of principal is carried out at the end of each loan, and the maturity of loan tranche is 6 months. Payment of remuneration is on a monthly basis. The collateral for this loan is the money received in the future under the contract with “Almatyenergosbyt” LLP.

On 4 August 2016 Almaty Power Station signed an addendum to the agreement, according to which the loans are granted on a condition that an aggregate amount of loans outstanding will not exceed 4,000,000 thousands tenge for 6 months on terms of renewable line, and 5,000,000 thousands tenge for 5 years on terms of not renewable line. The loan on terms of not renewable line was granted for the purpose of investment costs reimbursement under the investment project “Reconstruction and expansion of Almaty HS-2”. III line. Boil aggregate st.#8” and reimbursement of borrowing costs under the loan agreement with “Samruk-Energy” JSC. The interest rate was 14% per annum.

During the nine months ended 30 September 2017, the Company redeemed its borrowings in the amount of 4,116,571 thousand tenge and received the loan in the amount of 16,049,061 thousand tenge.

#### **Moinak HPS**

##### *State Development Bank of China*

On 14 June 2006 Moinak HPS received the credit line from the State Development Bank of China in the amount of 200,000,000 USD with the interest rate of 6MLIBOR+1.2%. The loan was granted for the period of 20 years. Moinak HPS used loan amount of 196,337,143 USD for the construction of HPS in the period from 2006 to 31 December 2013. The remaining amount of 3,662,857 USD will not be used. During 2015 and 2014 Moinak HPS did not receive cash on the loan. During 9 months of 2017 the amount of payments on the loan amounted to 2,208,819 thousand tenge (2016: 4,510,840 thousand tenge). The loan is secured as follows:

- Guarantee of National Welfare fund Samruk-Kazyna JSC in the amount of 50,000,000 USD;
- Rights to withdraw 80% of received payments for electricity.

In accordance with paragraph 25 of Loan Agreement signed on 14 June 2006 between Moinak HPS and the State Development Bank of China, Moinak HPS shall ensure minimum price for electricity in the amount of 0.0298 USD per 1 kWh from the beginning of HPS commissioning and till the moment, when loan is repaid in full. On 30 September 2017 US \$ 0.0298 equals to 10.167 tenge at the exchange rate at that date. The rate at which MHPS electricity sold during 9 months of 2017 is 9.50 tenge per 1 kWh.

*Development Bank of Kazakhstan JSC*

On 14 December 2005 and 16 January 2008 Moinak HPS received a loan in the form of two tranches from the Development Bank of Kazakhstan JSC in the amount of 25,000,000 USD and 26,058,000 USD at the interest rate of 1.15\*6MLIBOR+1.15% and 8% per annum, respectively. The loans were granted for the period of 20 years. On

**15 Borrowings (Continued)**

6 December 2012 Moinak HPS signed the Supplementary Agreement for changing the second tranche interest rate from 8% to 7.55%, relating to the amount of 1,563,053 USD.

On 17 June 2011 Moinak HPS signed the contract with the Development Bank of Kazakhstan JSC for the provision of the third tranche in the amount of 12,285,000 thousands tenge at the interest rate of 12% per annum. The loan is granted for the period of 17 years. On 6 December 2012 Moinak HPS signed the Supplementary Agreement for changing the third tranche interest rate from 12% to 7.55%, relating to the amount of 8,924,392 thousands tenge. During 2015 Moinak HPS received cash on the third tranche in the amount of 1,867,551 thousands tenge pursuant to additional agreements #22 and #23 dated 4 August 2015 and 8 September 2015, respectively. During 2016 Company did not receive any cash payments on the loan. During 9 months of 2017, the amount of payments on the loan amounted to 3,397,594 thousands tenge (2016: 3,557,200 thousands tenge).

On 29 June 2015 Moinak HPS signed the Supplementary Agreement for pledging real estate with the “Development Bank of Kazakhstan” JSC, where Moinak HPS provides the Bestyubinsk water storage basin constructions as additional pledge.

Bank loans are secured as follows:

- State guarantee of the Ministry of Finances of the Republic of Kazakhstan for the amount of 25,000,000 USD. The second-tier bank counter-guarantee for the amount of 859,395 thousands tenge.
- Property, plant and equipment with carrying amount of 5,601,969 thousands tenge.

Guarantee of National Welfare fund Samruk-Kazyna JSC in the amount of 12,285,000 thousands tenge as the collateral for the third tranche from the Development Bank of Kazakhstan JSC.

**PVES***Eurasian Development Bank*

On 29 April 2013 PVES has concluded a long-term credit line agreement with Eurasian Development Bank for purpose of construction of wind power electric plant in Akmola region. The interest rate for the tranches received from date of conclusion of agreement until 28 April 2015 is 7.5% per annum, starting from 14 December 2016 the interest rate is 10.5%, for tranches received after 29 April 2015, the interest rate is 14% per annum. The grace period for interest rate and principal amount repayments is 24 months after the date of agreement conclusion. The interest is payable on 15 March, 15 June, 15 September, 15 December with 1 year equal 360 days assumption. Grace period is 24 months. During 9 months of 2017 the accrued interest is 1,001,745 thousand tenge, repayment of interest is 1,040,032 thousand tenge and repayment of principal is 1,425,237 thousand tenge. As of 30 September 2017 the amount of loan including interest is 11,711,433 thousand tenge.

**EGRES-1***Sberbank*

During 9 months of 2017, GRES-1 received a loan of 28 billion tenge in DB Sberbank for the acquisition of bonds of Samruk-Energy JSC. The nominal interest rate on the loan was 12.5% per annum; the effective interest rate was 13.2%.

*Halyk Bank of Kazakhstan*

In April of 2015 a loan agreement with “Halyk Bank of Kazakhstan” JSC was signed for the amount of 12,000,000 thousands tenge for one year. The loan was granted to replenish the working capital for a period of 12 months from the start date of funding of 10 April 2015 until 9 April 2016. The interest rate was 14% per annum.

On 12 May 2016, the Company signed addendum No 2 to credit line agreement on total limit increase to 43 000 000 thousands tenge with the change of credit line terms including:

- Limit 1 –35,000,000 thousands tenge on non-revolving basis for 5 years (to 07 April 2021 – tranche terms till the end of financing);

Limit 2 –8 ,000,000 thousands tenge on non-revolving basis (3 years – tranche terms up to 12 months inclusive).

On 16 May 2016, EGRES-1 LLP received loan within Limit 1 to finance payables to Sberbank SB JSC in the amount of 23 000 000 thousands tenge for the period of 5 years from the date of financing commencement to 07 April 2021. Interest rate as of the moment of contract signing was 16 % per annum.

## 15 Borrowings (Continued)

On 21 September 2016, an addendum No 3 to bank loan agreements under Limit 1 was signed to decrease interest rate to 14 % per annum.

Following bank loan agreements were signed within Limit 2:

- on 25 May 2016 in the amount of 3,000,000 thousands tenge for the replenishment of property, plant and equipment for 12 months with the interest rate of 16 % per annum;
- on 03 August 2016 in the amount of 1,000,000 thousands tenge for expenses related to investment activities for 12 months with the interest rate of 14 % per annum;
- on 28 September 2016 in the amount of 500,000 thousands tenge for the replenishment of property, plant and equipment and 1,000,000 thousands tenge for expenses related to investment activities for 12 months with the interest rate of 14 % per annum;

This credit line is secured by the pledge of cash to be received in future at Company's settlement accounts with Halyk Bank of Kazakhstan JSC in the amount of 58,424,722 thousands tenge.

During 9 months of 2017 the Company repaid the liability of 7 billion tenge on credit line of Halyk Bank.

### **Shardara HPS**

#### *European Bank of Reconstruction and Development*

On 24 August 2012 the Shardara HPS JSC entered into loan agreement with the European Bank of Reconstruction and Development (EBRD) on loan in the amount of 9,150,000 thousands tenge. On 28 February 2014 the amount of the agreement increased to 14,350,000 thousands tenge. On 2 December 2015 Shardara HPS JSC obtained a loan from EBRD under the loan agreement for the amount of 7,500,000 thousands tenge at an interest rate of 3.9% + total costs. Total costs represent the cost of financing of EBRD that are linked to base rate of National Bank of RK and were equal to 5.5% at the moment when funds were received. The loan was granted for a period of 15 years.

On 2 June 2016 and 10 October 2016 as part of the loan agreement 1,350,000 thousands tenge and 2,600,000 thousands tenge were received respectively. The unused amount of the credit line as at 31 December 2016 amounts to 2,900,000 thousands tenge.

The principal is repayable in equal quarterly instalments. Date of first payment is 3<sup>rd</sup> quarter of 2018, and date of the last payment is 2<sup>nd</sup> quarter of 2028. The interest is repayable on a quarterly basis, other commissions as per invoice received.

During the 9 months of 2017 Shardara HPS JSC made interest repayments amounting to 1,073,060 thousands tenge (2016: 1,121,245 thousands tenge), capitalized part amounts to 1,073,060 thousands tenge (2016: 1,121,245 thousands tenge).

The Group's borrowings maturity analysis is presented below:

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
<b>Borrowings due:</b>		
- within 1 year	174,489,340	193,115,642
- from 2 to 5 years	80,593,618	54,829,381
- over 5 years	219,657,516	139,615,576
<b>Total borrowings</b>	<b>474,740,474</b>	<b>387,560,599</b>

## 15 Borrowings (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
<b>Borrowings denominated in:</b>		
- Tenge	265,335,987	153,731,058
- US dollars	209,404,487	232,548,010
- Russian rubles	-	1,281,531
<b>Total borrowings</b>	<b>474,740,474</b>	<b>387,560,599</b>

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures during the period ended 30 September 2017.

## 16 Other Non-Current liabilities

<i>In thousands of Kazakhstan Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
Deferred income		
- AZhK	1,923,734	2,297,371
Liabilities related to preference shares of subsidiaries	307,191	309,393
Trade payables	1,526,499	929,155
Other	62,435	58,398
<b>Total other non-current liabilities</b>	<b>3,819,859</b>	<b>3,594,317</b>

## 17 Trade and Other Payables

<i>In thousands of Kazakhstan Tenge</i>	<b>30 September 2017</b>	<b>31 December 2016</b>
Trade payables	9,114,885	7,968,694
Payable to Almaty Akimat	5,841,513	5,841,513
Dividends payable	780,043	707,275
Other financial payables	722,240	624,361
<b>Total financial trade and other payables</b>	<b>16,458,681</b>	<b>15,141,842</b>
Advances received from customers	4,890,138	2,393,924
Salaries payable	899,223	1,039,626
Accrued provisions for unused vacations	1,457,721	2,068,892
Other payables	2,172,543	2,318,553
Other distributions to shareholder	1,174,066	1,174,066
<b>Total trade and other payables</b>	<b>27,052,372</b>	<b>24,136,902</b>

As at 30 September 2017 and 31 December 2016 Group's financial trade and other payables are denominated in Tenge.

**SAMRUK-ENERGY JSC**
**Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2017**
**18 Revenue**

	Nine months ended 30 September 2017	Nine months ended 30 September 2016 (restated*)	Three months ended 30 September 2017	Three months ended 30 September 2016 (restated*)
<i>In thousands of Kazakhstani Tenge</i>				
Sale of electricity	136,742,613	108,613,230	46,437,918	36,385,742
Sale of heat energy	10,232,397	8,189,897	1,328,891	1,149,924
Income from lease of renewable energy power plants	3,274,014	2,443,187	720,219	569,739
Electricity transmission and distribution services	2,715,900	1,497,011	1,016,494	586,612
Income from lease of investment property	2,449,030	2,638,166	841,055	877,252
Sale of chemical water	1,219,736	1,218,824	407,700	414,537
Other	620,999	222,317	269,427	44,977
<b>Total revenue</b>	<b>157,254,689</b>	<b>124,822,632</b>	<b>51,021,704</b>	<b>40,028,783</b>

\* - Comparative information has been adjusted to reflect results of discontinued operations.

**19 Cost of Sales**

	Nine months ended 30 September 2017	Nine months ended 30 September 2016 (restated*)	Three months ended 30 September 2017	Three months ended 30 September 2016 (restated*)
<i>In thousands of Kazakhstani Tenge</i>				
Depreciation of property, plant and equipment and amortisation of intangible assets	32,552,922	30,273,950	10,925,820	10,108,085
Fuel	29,328,394	19,967,908	10,322,478	4,480,884
Payroll and related expenses	16,600,216	15,356,885	5,165,865	5,140,239
Electricity transmission and other services	6,283,730	5,682,254	2,236,405	1,931,191
Third party services	5,837,179	5,489,790	1,734,994	181,290
Taxes other than on income tax	5,610,525	4,307,629	1,965,992	1,422,937
Cost of purchased electricity	5,498,645	2,806,035	92,608	1,229,010
Repairs and maintenance	4,654,527	3,788,283	2,497,248	2,684,347
Water supply	3,395,169	2,845,208	1,398,874	1,003,458
Materials	1,264,471	1,327,233	417,752	1,356,102
Security service	747,449	657,786	253,681	223,624
Electricity losses on transmission	157,003	147,158	80,913	65,567
Rent services	137,820	154,758	46,083	54,251
Provision on obsolete and slow- moving inventories	95,182	(756,973)	16,881	(30,146)
Other	1,982,745	1,854,080	703,305	878,842
<b>Total cost of sales</b>	<b>114,145,977</b>	<b>93,901,984</b>	<b>37,858,899</b>	<b>30,729,681</b>

\* - Comparative information has been adjusted to exclude the results of discontinued operations.



**SAMRUK-ENERGY JSC**
**Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2017**
**20 General and Administrative Expenses**

<i>In thousands of Kazakhstani Tenge</i>	Nine months ended 30 September 2017	Nine months ended 30 September 2016 (restated*)	Three months ended 30 September 2017	Three months ended 30 September 2016 (restated*)
Payroll and related expenses	3,895,157	3,884,337	1,133,972	1,097,168
Consulting and other professional services	1,061,250	1,230,741	416,695	204,449
Depreciation of property, plant and equipment and amortisation of intangible assets	823,675	902,029	273,867	294,315
Administrative fines	775,800	-	775,800	-
Rent expense	476,232	472,125	160,923	157,724
Taxes other than on income	243,593	387,457	48,251	59,925
Security services	228,234	185,888	94,605	64,519
Business trip and representative expenses	176,699	174,171	57,121	71,479
Materials	158,855	183,105	56,373	77,675
Repair and maintenance	115,998	97,869	37,096	40,396
Bank charges	112,451	156,587	23,818	25,980
Communication expenses	86,900	90,395	29,764	22,231
Insurance	67,692	66,462	24,292	23,851
Transportation expenses	21,630	15,906	7,745	9,266
State duty	19,202	96,486	4,031	35,548
Charge/(reversal) of provision for impairment of trade and other receivables and other current assets	553,899	3,856	(78,151)	(19,460)
Other	1,285,631	1,049,595	497,827	422,986
<b>Total general and administrative expenses</b>	<b>10,102,898</b>	<b>8,997,009</b>	<b>2,788,229</b>	<b>2,588,052</b>

\* - Comparative information has been adjusted to exclude the results of discontinued operations.

Administrative fines include administrative penalties incurred by GRES-1. On 27 April 2017 the Specialised Administrative Court of Pavlodar City issued a resolution imposing a fine of 10% of the amount of unfulfilled investment obligations. The amount of the fine is Tenge 775,800 thousand.

**21 Finance Income**

<i>In thousands of Kazakhstani Tenge</i>	Nine months ended 30 September 2017	Nine months ended 30 September 2016 (restated*)	Three months ended 30 September 2017	Three months ended 30 September 2016 (restated*)
Foreign exchange gains less losses	-	2,984,779	-	2,214,806
Interest income on bank deposits	1,863,150	2,182,691	568,516	672,380
Interest income on bonds	9,467	244,013	2,988	81,182
Other	102,803	118,950	92,293	4,204
<b>Total finance income</b>	<b>1,975,420</b>	<b>5,530,433</b>	<b>663,797</b>	<b>2,972,572</b>

\* - Comparative information has been adjusted to exclude the results of discontinued operations (Note 2).

**SAMRUK-ENERGY JSC**
**Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2017**
**22 Finance Costs**

<i>In thousands of Kazakhstani Tenge</i>	Nine months ended 30 September 2017	Nine months ended 30 September 2016 (restated*)	Three months ended 30 September 2017	Three months ended 30 September 2016 (restated*)
Foreign exchange losses less gains	3,312,674	-	9,717,044	-
Interest expense on borrowings	10,258,258	5,978,937	3,735,288	1,792,594
Interest expense on bonds	4,785,307	4,827,587	1,818,355	1,605,953
Dividends on preference shares of subsidiaries	105,830	105,831	35,280	84,097
Unwinding of the present value discount:				
- loans and financial aid from shareholders	2,854,716	2,615,187	1,083,402	614,974
- employee benefit payable	82,888	31,250	26,724	9,926
- ash dump restoration provision	79,756	111,882	26,218	31,511
- loans from customers	203,678	217,817	67,445	71,983
- bonds issued	64,281	53,218	25,789	16,168
Other	328,917	321,454	207,280	51,251
<b>Total finance costs</b>	<b>22,076,305</b>	<b>14,263,163</b>	<b>16,742,825</b>	<b>4,278,457</b>

\* - Comparative information has been adjusted to exclude the results of discontinued operations.

**23 Income tax**

<i>In thousands of Kazakhstani Tenge</i>	Nine months ended 30 September 2017	Nine months ended 30 September 2016 (restated*)	Three months ended 30 September 2017	Three months ended 30 September 2016 (restated*)
Current income tax	1,737,150	1,939,882	(30,402)	485,846
Deferred income tax	1,295,549	2,357,444	881,900	729,809
<b>Total income tax expense</b>	<b>3,032,699</b>	<b>4,297,326</b>	<b>851,498</b>	<b>1,215,655</b>

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

<i>In thousands of Kazakhstani Tenge</i>	Nine months ended 30 September 2017	Nine months ended 30 September 2016 (restated*)	Three months ended 30 September 2017	Three months ended 30 September 2016 (restated*)
<b>Profit/(loss) before tax under IFRS</b>	<b>1,174,635</b>	<b>15,509,447</b>	<b>(11,245,088)</b>	<b>5,679,489</b>
Theoretical tax expense/(benefit) at statutory rate of 20% (2016: 20%)	234,927	3,101,889	(2,249,018)	1,135,898
Adjustments for:				
Share of (profit)/loss of joint ventures not subject to income tax	486,645	(870,801)	(29,359)	(134,282)
Non-deductible expenses	1,860,617	1,064,303	2,767,266	484,176
Temporary differences that will be recognised upon termination of investment contract	(259,306)	298,549	(87,734)	94,715
Withholding tax	90,460	145,097	-	(10,049)
Corrections of prior periods	68,969	(65)	-	(5,095)
Changes in unrecognised deferred income tax assets	616,610	856,901	(38,434)	(441,707)
Gain of Moinak HPS exempted from income tax	(66,223)	(298,547)	488,777	91,999
<b>Total income tax expense</b>	<b>3,032,699</b>	<b>4,297,326</b>	<b>851,498</b>	<b>1,215,655</b>

\* - Comparative information has been adjusted to exclude the results of discontinued operations.

**SAMRUK-ENERGY JSC**
**Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2017**
**24 Discontinued Operations**

On 23 November 2016 the Board of Directors approved the terms of sale a number of subsidiaries in accordance with the Governmental Decree on privatization of national companies.

Since operations of VKREC, SHET, MEDC, ATPS, TM and MM represent separate major types of the Group's operations, these disposal groups are presented as discontinued operations in the condensed consolidated interim financial statements.

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Aktobe TEC</b>	<b>MEDC</b>	<b>VKREC</b>	<b>SHET</b>	<b>MM</b>	<b>TM</b>	<b>Elimina- tions</b>	<b>Total</b>
Revenue	6,030,291	8,380,065	9,419,053	20,778,816	-	-	(7,226,135)	37,382,090
Expenses	(5,889,084)	(6,548,493)	(6,628,349)	(20,923,877)	(98,506)	(18,505)	7,309,802	(32,797,012)
<b>Profit or loss before tax from discontinued operations</b>	<b>141,207</b>	<b>1,831,572</b>	<b>2,790,705</b>	<b>(145,061)</b>	<b>(98,506)</b>	<b>(18,505)</b>	<b>83,667</b>	<b>4,585,079</b>
Income tax expense	(92,891)	(464,683)	(424,129)	22,230	(23)	-	-	(959,496)
<b>Profit or loss from discontinued operations</b>	<b>48,316</b>	<b>1,366,889</b>	<b>2,366,576</b>	<b>(122,831)</b>	<b>(98,529)</b>	<b>(18,505)</b>	<b>83,667</b>	<b>3,625,583</b>

Analysis of results of discontinued operations as at 30 September 2016 is shown below:

<i>In thousands of Kazakhstani Tenge</i>	<b>Aktobe TEC</b>	<b>MEDC</b>	<b>VKREC</b>	<b>SHET</b>	<b>MM</b>	<b>TM</b>	<b>KGSH imi-nations</b>	<b>Total</b>	
Revenue	5,605,954	7,512,371	9,053,402	19,995,969	-	-	150,895	(7,176,389)	35,142,202
Expenses	(5,366,605)	(5,373,740)	(7,426,172)	(21,132,851)	(139,559)	(20,452)	(145,255)	7,427,781	32,176,853
<b>Profit or loss before tax from discontinued operations</b>	<b>239,349</b>	<b>2,138,631</b>	<b>1,627,230</b>	<b>(1,136,882)</b>	<b>(139,559)</b>	<b>(20,452)</b>	<b>5,640</b>	<b>251,392</b>	<b>2,965,349</b>
Income tax expense	(151,819)	(370,626)	(354,517)	46,059	-	-	(1,629)	-	(832,532)
<b>Profit or loss from discontinued operations</b>	<b>87,530</b>	<b>1,768,005</b>	<b>1,272,713</b>	<b>(1,090,823)</b>	<b>(139,559)</b>	<b>(20,452)</b>	<b>4,011</b>	<b>251,392</b>	<b>2,132,817</b>

**25 Contingencies, Commitments and Operating Risks**

Except for the information prescribed below, as at 30 September 2017 there were no contingent and contractual obligations and operational risks than those, which have been disclosed in the consolidated financial statements for the year ended 31 December 2016.

***Environmental matters***

The enforcement of environmental regulation in the Republic of Kazakhstan is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately.

Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage in addition to the amounts already accrued and recorded in these consolidated financial statements that could adversely affect operational results or financial position of the Group.

***Provision for liquidation of ash dump***

In accordance with the environmental regulations the Group has a legal obligation to liquidate ash dumps that are disposal polygons of waste of operations of the Group. At 30 September 2017 the carrying amount of ash dump liquidation provision was 1,680,955 thousands tenge (31 December 2016: 1,637,097 thousands tenge)

Ash dump liquidation provision is estimated based on the Group's interpretation of current environmental legislation in the Republic of Kazakhstan supported by the feasibility study and engineering researches in accordance with the existing rehabilitation standards and techniques. This estimate may change upon completion of subsequent environmental investigation works and revision of the existing restoration and reclamation programmes.

***Legal proceedings***

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

***Capital commitments***

As at 30 September 2017 the Group had contractual commitments to purchase the property, plant and equipment for Tenge 120,979,760 thousand (31 December 2016: Tenge 125,661,235 thousand).

***Capital commitments of joint ventures and associates***

As at 30 September 2017 the Group's share in capital expenditure commitments of Forum Muider and ERGES-2 comprised Tenge 44,575,215 thousand (31 December 2016: Tenge 47,115,412 thousand).

***Loan covenants***

The Group has certain covenants on loans and Eurobonds. Failure to comply with these covenants may result in negative consequences for the Group including increase in borrowing costs and the declaration of default. As at 30 September 2017 the Group complied with its covenants, except for exceeding the established value of the covenants on the borrowing of Shardara HPP. Consequently, the Group reclassified the long-term part of borrowings received by Shardara HPP to current liabilities.

**26 Principal Subsidiaries, Associates and Joint Venture**

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
<b>Subsidiaries:</b>				
<i>Alatau Zharyk Company JSC ("AZhK")</i>	Electricity transmission and distribution in Almaty and the Almaty region	100%	100%	Kazakhstan
<i>Almaty Power Stations JSC ("ALES")</i>	Production of electricity, heat energy and hot water in Almaty and the Almaty region	100%	100%	Kazakhstan
<i>AlmatyEnergoSbyt LLP ("AlmatyEnergoSbyt")</i>	Sale of electricity in Almaty city and region	100%	100%	Kazakhstan
<i>Shardara HPS JSC ("Shardara HPS")</i>	Production of electricity on the basis of water resources in the Southern Kazakhstan	100%	100%	Kazakhstan
<i>Moinak HPS JSC ("Moinak HPS")</i>	Production of electricity on hydropower station	100%	100%	Kazakhstan
<i>Ekibastuzskaya GRES-1 named after Bulat Nurzhanov ("EGRES-1")</i>	Production of electricity and heat energy on the basis of coal	100%	100%	Kazakhstan
<i>Bukhtarminskaya HPS JSC ("Bukhtarminskaya HPS")</i>	Owner of Bukhtarminskaya hydropower station transferred under lease arrangement	91%	91%	Kazakhstan
<i>Ust-Kamenogorskaya HPS JSC and Shulbinskaya HPS JSC (together referred to as "Hydropower companies")</i>	Owners of Ust-Kamenogorskaya and Shulbinskaya hydropower stations transferred under concession agreement. From the moment of transfer of the hydropower stations to concession, these entities are dormant	90%	90%	Kazakhstan
<i>Samruk Green Energy LLP</i>	Development of renewable electricity	100%	100%	Kazakhstan
<i>First Wind Turbine LLP</i>	Development of renewable electricity. Production of electricity on wind farm.	100%	100%	Kazakhstan
<i>Ereymentau Wind Power LLP</i>	Construction of a wind plant.	100%	100%	Kazakhstan
<i>Energiya Semirechiya LLP ("ES")</i>	Finalized construction of Solar plant near Almaty	51%	51%	Kazakhstan
<i>KazGidroTekhEnergo LLP</i>	Development of renewable electricity	100%	100%	Kazakhstan
<i>TeploEnergoMash LLP</i>	Development of renewable electricity	100%	100%	Kazakhstan
<i>Energy Solutions Center LLP</i>	Transportation and other services	100%	100%	Kazakhstan
<b>Associates:</b>				
<i>Balkhashskaya TES</i>	Construction of Balkhash thermal power station	49.99%	49.99%	Kazakhstan
<b>Joint ventures:</b>				
<i>Stantciya Ekibastuzskaya GRES-2 JSC ("EGRES-2")</i>	Production of electricity and heat energy on the basis of coal	50%	50%	Kazakhstan
<i>Forum Muider BV («Forum Muider»)</i>	Company holding 100% charter in <i>Bogatyr Komir</i> (Company involved in production of power generating coal) and a range of companies incorporated in the Russian Federation and the Republic of Cyprus, and not engaged in significant operations	50%	50%	Netherlands

**27 Financial Risk Management**
**Financial Risk Factors**

The Group's activities are subject to a number of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all information on financial risk management and disclosures required in the annual financial statements; they should be considered with the group's annual financial statements as of 31 December 2016.

During the nine months ended 30 September 2017, there were no significant changes in the risk management policy.

**27 Financial Risk Management (continued)*****Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In accordance with the Group policy on formation and monitoring of development plans the Group manages the liquidity risk using short-term (one month) forecasts and also mid-term forecast for the next five years. In addition, the Group develops and approves development strategy of the Group for the next ten years (currently until 2022). In planning cash flows the Group also accounts for income from temporary excess cash using the bank deposits.

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

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

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

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

***Financial assets carried at amortised cost***

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

***Financial liabilities carried at amortised cost***

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

**28 Fair Value of Financial Instruments (Continued)**

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

<i>In thousands of Kazakhstani tenge</i>	30 September 2017				31 December 2016			
	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
<b>ASSETS</b>								
Cash and cash equivalents	-	-	115,027,695	115,027,695	-	-	17,350,461	17,350,461
Restricted cash	-	-	8,976,641	8,976,641	-	-	7,294,340	7,294,340
Term deposit	-	-	26,197,330	26,197,330	-	-	31,631,769	31,631,769
Trade and other receivables	-	-	16,296,901	16,296,901	-	-	15,836,932	15,836,932
Dividends receivable	-	-	16,296,901	16,296,901	-	-	1,728,179	1,728,179
Fair value of future minimum lease payments	-	-	9,477,376	586,695	-	-	10,950,240	667,785
Bonds	226,479	-	-	226,479	212,098	-	-	223,491
<b>Total financial assets</b>	<b>226,479</b>	<b>-</b>	<b>177,567,539</b>	<b>168,903,337</b>	<b>212,098</b>	<b>-</b>	<b>84,791,921</b>	<b>74,732,957</b>
<b>LIABILITIES</b>								
Borrowings	163,419,388	-	293,104,281	373,565,542	167,789,851	-	218,862,253	387,560,600
Financial accounts payable	-	-	16,458,681	16,458,681	-	-	15,141,842	15,141,842
Trade and other payables	-	-	1,526,499	1,526,499	-	-	-	-
Other financial liabilities	-	-	307,899	307,191	-	-	309,393	309,393
<b>Total financial liabilities</b>	<b>163,419,388</b>	<b>-</b>	<b>311,396,651</b>	<b>493,032,845</b>	<b>167,789,851</b>	<b>-</b>	<b>234,313,488</b>	<b>403,011,295</b>

**29 Events Occurring After the Reporting Period**

On 1 October 2017, the term of the Altai Treaty was terminated. The treaty was signed between the Republic of Kazakhstan and the AES Corporation on 23 July 1997 in respect of the Concession assets - Ust-Kamenogorsk HPP and Shulbinskaya HPP. In this regard, on 2-3 October 2017, 100 percent of the shares in two concession assets of AES Ust-Kamenogorsk HPP LLP and AES Shulbinskaya HPP LLP were returned to the Republic of Kazakhstan by the adoption of the State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan into the republican property. Currently, the rights to own and use shares in these partnerships are transferred to the Ministry of Energy of the Republic of Kazakhstan.

On 3 October 2017 Company redeemed bonds of Samruk-Kazyna JSC (KZP01Y07D853) in the amount of 220,000,000 million tenge due to the expiration of their circulation period, and received the coupon interest of 6,479,000 tenge.

On 16 and 19 October 2017 Company made partial and full early repayment of the debt to Sberbank for the total amount of 7,557,000 thousand tenge. Taking into account the repayment, the available limit on the revolving credit line is 12 billion tenge.

On 18 October 2017 Company registered the transfer of 790,234 shares of Mangistau Electricity Distribution Network Company to Kazakhstan Municipal Systems LLP and 790,233 shares to the ownership of KBI Energy LLP in accordance with the purchase and sale agreement #КП107 dated September 20, 2017. The total value of the sale of shares of Mangistau Electricity Distribution Network JSC amounted to 8,642,222,000 tenge.

On 31 October 2017 the Group signed an additional agreement with "EXPO Village" LLP on the return of the previously paid advances and penalties for the amounts of 2,200,000 thousand tenge and 46,206 thousand tenge, respectively, no later than 1<sup>st</sup> November 2017. Funds were received in the terms established by the Agreement.