



**SAMRUK-ENERGY JSC**

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

**30 June 2017**

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

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

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

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of JSC Samruk-Energy (the "Company") and its subsidiaries (the "Group") as at 30 June 2017 and the related condensed consolidated interim statement of profit and loss and other comprehensive income for the three-month and six-month period then ended, condensed consolidated interim statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

### **Emphasis of matter**

We draw attention to Note 3 in the condensed consolidated interim financial statements, which indicates the uncertainty over the outcome of the ongoing negotiations with the Company's partner in the "Balkhash Thermal Power Plant" project and, accordingly, the prospects for the implementation of this project. Our conclusion is not modified in respect of this matter.

*PricewaterhouseCoopers LLP*


3 August 2017

Almaty, Kazakhstan


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

<i>In thousands of Kazakhstani Tenge</i>	Note	30 June 2017 (unaudited)	31 December 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	776,957,001	776,271,640
Investment property		614,323	667,785
Intangible assets		2,241,527	2,205,269
Investments in joint ventures and associates	7	80,775,707	85,906,040
Other non-current assets	8	14,963,320	17,853,935
<b>Total non-current assets</b>		<b>875,551,878</b>	<b>882,904,669</b>
<b>Current assets</b>			
Inventories	9	10,589,760	9,681,538
Trade and other receivables	10	14,629,795	16,160,097
Other current assets	11	41,648,056	44,776,628
Income tax prepaid		1,172,824	1,227,286
Cash and cash equivalents	12	21,912,016	17,350,461
Assets of disposal group, classified as held-for-sale	13	76,688,937	76,947,129
<b>Total current assets</b>		<b>166,641,388</b>	<b>166,143,139</b>
<b>TOTAL ASSETS</b>		<b>1,042,193,266</b>	<b>1,049,047,808</b>

Signed on behalf of management on 3 August 2017.

  
Kanysh T. Moldabayev  
Managing director for Strategy and Sales



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

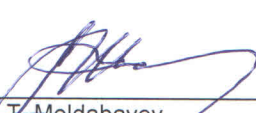
The accompanying notes on pages 7 to 40 are an integral part of these condensed consolidated interim financial statements



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

<i>In thousands of Kazakhstani Tenge</i>	Note	30 June 2017 (unaudited)	31 December 2016
<b>EQUITY</b>			
Share capital	14	373,314,888	373,314,888
Other reserves	14	127,554,716	127,639,376
Retained earnings		16,255,969	12,481,878
<b>Equity attributable to the Group's equity holders</b>		<b>517,125,573</b>	<b>513,436,142</b>
Non-controlling interest		3,350,983	3,159,992
<b>TOTAL EQUITY</b>		<b>520,476,556</b>	<b>516,596,134</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for liquidation of ash dump		1,463,230	1,473,639
Employee benefit obligations		1,261,230	1,087,713
Borrowings	15	180,729,583	194,444,957
Other non-current liabilities		3,407,468	3,594,317
Deferred income tax liabilities		81,530,331	80,218,904
<b>Total non-current liabilities</b>		<b>268,391,842</b>	<b>280,819,530</b>
<b>Current liabilities</b>			
Provision for liquidation of ash dump		163,458	163,458
Borrowings	15	192,835,959	193,115,643
Employee benefit obligations		112,205	107,624
Trade and other payables	16	29,578,949	24,136,902
Taxes payable and other payables to budget		1,548,501	2,532,182
Income tax payable		268,766	168,688
Liabilities of disposal group, classified as held-for-sale	13	28,817,030	31,407,647
<b>Total current liabilities</b>		<b>253,324,868</b>	<b>251,632,144</b>
<b>TOTAL LIABILITIES</b>		<b>521,716,710</b>	<b>532,451,674</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,042,193,266</b>	<b>1,049,047,808</b>

Signed on behalf of management on 3 August 2017.

  
 Kanysh T. Moldabayev  
 Managing Director for Strategy and Sales

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



The accompanying notes on pages 7 to 40 are an integral part of these condensed consolidated interim financial statements

**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>Six months ended 30 June 2017 (unaudited)</b>	<b>Six months ended 30 June 2016 (unaudited)</b>	<b>Three months ended 30 June 2017 (unaudited)</b>	<b>Three months ended 30 June 2016 (unaudited)</b>
Revenue	17	106,232,986	84,793,851	45,962,901	36,294,039
Cost of sales	18	(76,287,161)	(63,328,218)	(35,518,068)	(29,290,828)
<b>Gross profit</b>		<b>29,945,825</b>	<b>21,465,633</b>	<b>10,444,833</b>	<b>7,003,211</b>
Distribution costs		(7,230,962)	(1,640,665)	(4,130,453)	(895,625)
General and administrative expenses	19	(7,314,666)	(6,252,970)	(4,382,283)	(3,248,752)
Share of profit/(loss) of joint ventures and associates	7	(2,580,020)	3,682,593	(7,442,376)	2,635,929
Recovery of impairment of assets/(Loss from impairment of assets)		(15,549)	819	(17,634)	49,916
Finance income	20	7,718,194	2,875,762	626,326	3,702,818
Finance costs	21	(11,856,390)	(9,984,707)	(10,933,571)	(4,834,284)
Other income/(loss), net		768,320	1,509	296,381	(245,987)
<b>Profit/(loss) before income tax</b>		<b>9,434,752</b>	<b>10,147,974</b>	<b>(15,538,777)</b>	<b>4,167,226</b>
Income tax expense	22	(3,085,701)	(3,081,670)	(507,465)	(1,323,300)
<b>Profit/(loss) for the period from continuing operations</b>		<b>6,349,051</b>	<b>7,066,304</b>	<b>(16,046,242)</b>	<b>2,843,926</b>
Profit/(loss) from discontinued operations		2,320,927	1,623,137	(502,134)	100,099
<b>Profit/(loss) for the period</b>		<b>8,669,978</b>	<b>8,689,441</b>	<b>(16,548,376)</b>	<b>2,944,025</b>
Other comprehensive loss					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of post-employment benefit obligations		(84,660)	(34,351)	(117,531)	(14,608)
<b>Total comprehensive income/(loss) for the period</b>		<b>8,585,318</b>	<b>8,655,090</b>	<b>(16,665,907)</b>	<b>2,929,417</b>
<b>Profit is attributable to:</b>					
Equity holders of the Group		8,478,987	8,323,091	(16,389,165)	2,787,378
Non-controlling interest		190,991	366,350	(159,211)	156,647
<b>Profit/(loss) for the period</b>		<b>8,669,978</b>	<b>8,689,441</b>	<b>(16,548,376)</b>	<b>2,944,025</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity holders of the Group		8,394,327	8,288,740	(16,506,696)	2,772,770
Non-controlling interest		190,991	366,350	(159,211)	156,647
<b>Total comprehensive income/(loss) for the period</b>		<b>8,585,318</b>	<b>8,655,090</b>	<b>(16,665,907)</b>	<b>2,929,417</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			Total	Non- controlling interest	Total equity
		Share capital	Other reserves	Retained earnings			
<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)		-	-	8,323,091	8,323,091	366,350	8,689,441
Other comprehensive loss (unaudited)		-	(34,351)	-	(34,351)	-	(34,351)
Total comprehensive income/(loss) (unaudited)		-	(34,351)	8,323,091	8,288,740	366,350	8,655,090
Share emission	14	10,964,483	-	-	10,964,483	-	10,964,483
Dividends	14	-	-	(2,041,000)	(2,041,000)	(263)	(2,041,263)
<b>Balance at 30 June 2016 (unaudited)</b>		<b>366,614,888</b>	<b>127,543,755</b>	<b>3,045,666</b>	<b>497,204,309</b>	<b>2,894,438</b>	<b>500,098,747</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)		-	-	8,478,987	8,478,987	190,991	8,669,978
Other comprehensive loss (unaudited)		-	(84,660)	-	(84,660)	-	(84,660)
Total comprehensive income/(loss) (unaudited)		-	(84,660)	8,478,987	8,394,327	190,991	8,585,318
Share emission	14	-	-	-	-	-	-
Dividends	14	-	-	(4,704,896)	(4,704,896)	-	(4,704,896)
<b>Balance at 30 June 2017 (unaudited)</b>		<b>373,314,888</b>	<b>127,554,716</b>	<b>16,255,969</b>	<b>517,125,573</b>	<b>3,350,983</b>	<b>520,476,556</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>Six months ended 30 June 2017 (unaudited)</b>	<b>Six months ended 30 June 2016</b>
<b>Cash flows from operating activities</b>			
Profit before income tax from continued operations		9,434,752	10,147,974
Profit before income tax from discontinued operations		3,110,662	2,383,987
Adjustments for:			
Depreciation and amortisation		22,238,759	22,504,683
Impairment of property, plant and equipment and intangible assets		15,650	457,803
Impairment of assets of the disposal group classified as held for sale		2,054,847	-
Losses on disposal of property, plant and equipment		65,865	84,162
Provision for impairment of trade and other receivables		62,476	(65,489)
Provision on obsolete and slow-moving inventories		78,300	(579,643)
Amortisation of income from connection of additional capacities		(246,437)	(171,330)
Current service cost and actuarial losses on employee benefits		(84,660)	(34,351)
Finance costs		12,295,309	10,284,649
Finance income		(7,883,265)	(2,947,924)
Share of profit/(loss) in joint ventures and associates	7	2,580,020	(3,682,593)
Other adjustments		(427,969)	42,417
<b>Operating cash flows before working capital changes:</b>		<b>43,294,309</b>	<b>38,424,345</b>
Decrease in trade and other receivables and other current assets		2,531,359	4,058,038
(Increase)/decrease in inventories		(2,120,256)	1,644,446
Decrease in trade and other payables		(1,847,836)	(6,362,149)
Increase/(decrease) in employee benefits payable		218,854	(118,715)
Increase in taxes payable		362,292	1,003,110
<b>Cash generated from operations</b>		<b>42,438,722</b>	<b>38,649,075</b>
Income tax paid		(1,774,627)	(2,272,212)
Interest paid		(9,590,825)	(8,201,079)
Dividends received		4,273,713	2,453,911
<b>Net cash from operating activities of continuing operations</b>		<b>35,346,983</b>	<b>30,629,695</b>
<b>Net cash from operating activities of discontinued operations</b>		<b>4,917,613</b>	<b>2,525,212</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(26,294,738)	(44,626,163)
Purchase of intangible assets		(160,095)	(198,357)
Purchase of exploration and evaluation assets		(63,220)	(22,757)
Acquisition of share in associates	7	-	(12,483,261)
Proceeds from sale of property, plant and equipment		169,214	9,113
Proceeds from sale of assets of disposal group		-	2,194,110
Interest income received		1,215,708	1,567,258
Withdrawal of bank deposits, net		2,840,101	9,954,607
(Placement)/withdrawal of restricted cash		(227,280)	511,669
<b>Net cash used in investing activities of continuing operations</b>		<b>(22,520,310)</b>	<b>(43,093,781)</b>
<b>Net cash used in investing activities of discontinued operations</b>		<b>(5,825,809)</b>	<b>(5,642,496)</b>

The accompanying notes on pages 7 to 36 are an integral part of these condensed consolidated interim financial statements



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

<i>In thousands of Kazakhstani Tenge</i>	Note	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016
<b>Cash flows from financing activities:</b>			
Proceeds from issue of shares		-	10,964,483
Proceeds from borrowings		16,880,827	41,517,189
Repayment of borrowings		(24,610,769)	(54,557,586)
Dividends paid to non-controlling interest holders		(222,480)	(155,579)
Other payments		(321,433)	(35,420)
<b>Net cash used in financing activities of continuing operation</b>		<b>(8,273,855)</b>	<b>(2,266,913)</b>
<b>Net cash from financing activities of discontinuing operation</b>		<b>762,885</b>	<b>2,843,241</b>
Foreign exchange difference effect on cash and cash equivalents		(136,574)	260,997
<b>Net increase in cash and cash equivalents of continuing operations</b>		<b>4,416,244</b>	<b>(14,470,002)</b>
<b>Net decrease in cash and cash equivalents of disposal group</b>		<b>(145,311)</b>	<b>(274,043)</b>
Cash and cash equivalents at the beginning of the year of continuing operations	12	17,350,461	31,927,512
Cash and cash equivalents at the beginning of the year of disposal group		1,258,132	1,321,597
Cash and cash equivalents at the period – end, including:		23,024,837	17,457,510
Cash and cash equivalents at the period - end of continuing operations	12	21,912,016	17,436,375
Cash and cash equivalents at the period - end of discontinuing operations		1,112,821	1,047,554

\* - 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 six months ended 30 June 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 June 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 June 2017 the exchange rate used for translation of foreign currency balances was 1 US Dollar = Tenge 322.27 (31 December 2016: 1 US Dollar = Tenge 333.29) and 1 RUB = Tenge 5.43 (31 December 2016: 1 RUB = Tenge 5.25).

***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 June 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 June 2017**
**2 Basis of Preparation and Significant Accounting Policies (Continued)**

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

<i>In thousands of Kazakhstani Tenge</i>	<b>As original for the 6 months ended 30 June 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 6 months ended 30 June 2016</b>
Revenue	109,168,045	(3,902,005)	(5,001,357)	(6,399,754)	(14,134,797)	-	-	5,063,719	84,793,851
Cost of sales	(84,035,841)	3,399,129	2,900,216	4,551,767	14,931,739	-	-	(5,075,227)	(63,328,218)
<b>Gross profit/(loss)</b>	<b>25,132,204</b>	<b>(502,876)</b>	<b>(2,101,141)</b>	<b>(1,847,987)</b>	<b>796,942</b>	<b>-</b>	<b>-</b>	<b>(11,509)</b>	<b>21,465,633</b>
Distribution costs	(1,687,566)	-	46,901	-	-	-	-	-	(1,640,665)
General and administrative expenses	(7,346,601)	159,980	445,239	190,420	193,502	91,551	12,939	-	(6,252,970)
Share of profit of joint ventures and associates	3,682,593	-	-	-	-	-	-	-	3,682,593
Impairment of assets	(6,701)	(755)	8,820	(1,393)	848	-	-	-	819
Finance income	2,947,924	(85)	(67,024)	(4,823)	(230)	-	-	-	2,875,762
Finance costs	(10,284,649)	24,741	200,033	158,485	30,926	-	-	(114,243)	(9,984,707)
Other income	811,074	(13,979)	(57,155)	(27,075)	(17,170)	(37)	-	11,399	707,057
Other expenses	(721,957)	494	3,760	11,791	164	200	-	-	(705,548)
<b>Profit/(loss) before income tax</b>	<b>12,526,321</b>	<b>(332,480)</b>	<b>(1,520,567)</b>	<b>(1,520,582)</b>	<b>1,004,982</b>	<b>91,714</b>	<b>12,939</b>	<b>(114,353)</b>	<b>10,147,974</b>
Income tax expense	(3,840,891)	98,522	361,064	344,768	(45,133)	-	-	-	(3,081,670)
<b>Profit/(loss) for the period from continuing operations</b>	<b>8,685,430</b>	<b>(233,958)</b>	<b>(1,159,503)</b>	<b>(1,175,814)</b>	<b>959,849</b>	<b>91,714</b>	<b>12,939</b>	<b>(114,353)</b>	<b>7,066,304</b>
Profit from discontinued operations for the period	4,011	-	-	-	-	-	-	1,619,126	1,623,137
<b>Profit/(loss) for the period</b>	<b>8,689,441</b>	<b>(233,958)</b>	<b>(1,159,503)</b>	<b>(1,175,814)</b>	<b>(959,849)</b>	<b>91,714</b>	<b>12,939</b>	<b>1,504,773</b>	<b>8,689,441</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 June 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 June 2017 Group's total current liabilities exceeded its total current assets for the amount of Tenge 134,555,387 thousands. Increase of short-term liabilities is due to maturity of Eurobonds of Samruk-Energy in December 2017. Eurobonds in the amount of 500 million US dollars or Tenge 161,274,000 thousands have been classified as current liabilities as of 30 June 2017. As of 30 June 2017, the Group has breached certain covenants on borrowings from European Bank for Reconstruction and Development (EBRD). As a result, the long-term borrowings in the amount of Tenge 12,950,000 thousand were reclassified to short-term liabilities. In addition, as of 30 June 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 35,242,000 thousand to refinance Eurobonds.
- The Group expects positive cash flows from operating activities, net of outflows for capital expenditures, in the amount of Tenge 6,480,000 thousand in the second half of 2017.
- The Group expects more than Tenge 14,700,000 thousand from the sale of assets held for sale in 2017.
- In the first half of 2017 the Group received term sheets from banks for a total of Tenge 75,500,000 thousand.
- In addition, management is considering a plan for partial restructuring of 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 as of 30 June 2017 management has not identified any impairment indicators of non-financial assets of AZhK and ALES. The main facts and assumptions used in the analysis 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:

	30 June 2017	31 December 2016
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*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
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.

*Exchange rates*

As of 30 June 2017, the exchange rate for 1 US dollar was 321.46 Tenge. The weakening of the Tenge against the US dollar by 30% will lead to an increase in the cost of equipment of power unit #3 and, accordingly, to decrease the carrying value of EGRES-2 property, plant and equipment by Tenge 44,887,784 thousand, and accordingly decrease the Group's investment in EGRES-2 by Tenge 22,443,892 thousand.

**Accounting for property, plant and equipment**

Property with a carrying value of Tenge 19,452,156 thousand represent the assets of the First Wind Power Plant (PVES) in the amount of Tenge 18,561,408 thousand and Kapchagai Solar Power (Kapchagai SES) in the amount of Tenge 890,748 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 June 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.

If the estimated useful lives were different by 10% from management's estimates, the depreciation charge for the period ended 30 June 2017 would have been higher/lower by Tenge 2,190,995 thousand (30 June 2016: higher/lower by Tenge 2,214,785 thousand).

#### ***Settlement agreement with Akimat***

AZhK was involved in litigation with Akimat of Almaty city, a City administration (further "Akimat"). As of 30 June 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 Energoberezhnie 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" BTPP ". In accordance with this agreement, Samsung C&T has the option to require the Company to acquire Samsung C&T's shares of BTPP, 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 BTPP on 31 August 2016 Samsung Engineering Co. Ltd also notified BTPP 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 BTPP 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 BTPP 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 "BTPP" 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 June 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*	
	6 months ended		6 months ended		6 months ended		6 months ended		6 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
External revenues	59,399,123	42,352,970	9,070,836	7,420,132	62,692,537	59,394,943	1,612,697	150,895	132,775,193	109,318,940
Inter-segment revenue	27,635,930	27,301,240	17,358,422	20,689,079	265	461	-	-	44,994,617	47,990,780
<b>Total revenue</b>	<b>87,035,053</b>	<b>69,654,210</b>	<b>26,429,258</b>	<b>28,109,211</b>	<b>62,692,802</b>	<b>59,395,404</b>	<b>1,612,697</b>	<b>150,895</b>	<b>177,769,810</b>	<b>157,309,720</b>
<b>Profit/(loss) before income tax</b>	<b>9,205,647</b>	<b>12,217,869</b>	<b>7,418,151</b>	<b>6,282,364</b>	<b>685,768</b>	<b>(415,930)</b>	<b>(4,764,152)</b>	<b>(5,557,982)</b>	<b>12,545,414</b>	<b>12,526,321</b>
Capital expenditure	9,646,930	52,038,173	16,583,323	33,709,417	20,020	137,279	44,465	366,759	26,294,737	86,251,628
<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Reportable segment assets (assets of discontinued operations are not included)	735,278,709	742,971,509	171,028,895	162,353,654	10,758,206	12,600,827	684,503,772	156,853,999	1,601,569,582	1,074,779,989
Reportable segment liabilities (liabilities of discontinued operations are not included)	262,874,274	267,259,411	71,320,309	68,978,723	12,116,165	14,358,745	244,161,652	242,039,891	590,472,400	592,636,770

\*includes discontinued operations

**4 Segment Information (Continued)**

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

<i>In thousands of Kazakhstani Tenge</i>	<b>6 months ended 30 June 2017</b>	<b>6 months ended 30 June 2016</b>
Total revenues for reportable segments	176,157,113	157,158,825
Revenues from other operations	1,612,697	150,895
<b>Total revenue</b>	<b>177,769,810</b>	<b>157,309,720</b>
Inter-segment revenue	(44,994,617)	(47,990,780)
Discontinued operations	(26,542,207)	(24,525,089)
<b>Total consolidated revenues</b>	<b>106,232,986</b>	<b>84,793,851</b>

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

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

<i>In thousands of Kazakhstani Tenge</i>	<b>6 months ended 30 June 2017</b>	<b>6 months ended 30 June 2016</b>
<b>Adjusted EBITDA</b>	<b>43,518,527</b>	<b>39,158,078</b>
Depreciation and amortisation	(21,909,947)	(22,504,683)
Finance income	7,882,932	2,947,924
Finance costs	(12,295,642)	(10,284,649)
Share of (loss)/profit of associates	(2,580,020)	3,682,593
Impairment of goodwill and assets	(2,070,436)	(467,302)
<b>Profit before income tax for the period</b>	<b>12,545,414</b>	<b>12,531,961</b>
<b>Profit before income tax for the period from discontinued operations</b>	<b>(3,110,662)</b>	<b>(2,383,987)</b>
<b>Total profit before income tax for the period from continuing operation</b>	<b>9,434,752</b>	<b>10,147,974</b>

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

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2017</b>	<b>31 December 2016</b>
Total reportable segment assets	993,754,747	994,873,119
Assets from other operations	684,503,772	156,853,999
<b>Total assets</b>	<b>1,678,258,519</b>	<b>1,151,727,118</b>
Elimination of balances between segments	(559,376,316)	(25,732,181)
Total assets of discontinued operations	(76,688,937)	(76,947,129)
<b>Total consolidated assets</b>	<b>1,042,193,266</b>	<b>1,049,047,808</b>

**4 Segment Information (Continued)**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2017</b>	<b>31 December 2016</b>
Total reportable segment liabilities	375,127,778	382,004,527
Liabilities from other operations	244,161,652	242,039,890
<b>Total liabilities</b>	<b>619,289,430</b>	<b>624,044,417</b>
Elimination of balances between segments	(68,755,690)	(60,185,096)
Total liabilities of discontinued operations	(28,817,030)	(31,407,647)
<b>Total consolidated liabilities</b>	<b>521,716,710</b>	<b>532,451,674</b>

\* including assets and liabilities of discontinued operations

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

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

**(g) Major customers**

During six months periods ended 30 June 2017 and 30 June 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 June 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	1,612,190	297,011	25,586	-	1,311,800
Cash and cash equivalents	126	-	-	-	375,899
Other long-term assets	-	-	-	223,491	-
Other current assets	72,286	4,779	-	-	155
Borrowings	-	-	516,248	57,763,722	21,000,523
Trade and other payables	883,948	1,239,973	251,660	4,708,741	1,373,199

**SAMRUK-ENERGY JSC**
**Notes to the Condensed Consolidated Interim Financial Statements – 30 June 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 June 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	13,894,836	1,291,513	1,413,159	-	11,560,891
Cost of sales	18,559,533	10,536,136	152,561	-	1,666,576
General and administrative expenses	177,305	-	-	-	-
Distribution costs	7,217,382	-	-	-	-
Other expenses	239,846	-	-	47,761	-
Other income	237,307	29,362	23,352	-	-
Finance costs	-	-	-	2,532,993	698,123
Finance income	-	-	-	6,479	-
Gain on foreign exchange	-	16,094	-	-	399,444

The income and expense items with related parties for six months ended 30 June 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	10,021,963	1,160,701	277,103	-	9,332,290
Cost of sales	15,076,121	6,974,878	4,339	-	1,765,313
General and administrative expenses	215,682	-	-	-	-
Distribution costs	1,400,276	-	-	-	-
Other expenses	2,843	-	-	50,291	-
Other income	187,109	-	-	-	9,563
Finance costs	-	-	-	2,776,020	759,983
Finance income	156,352	-	-	6,479	-
Gain on foreign exchange	31,537	26,720	7	-	759,993

Key management compensation is presented below:

<i>In thousands of Kazakhstani Tenge</i>	<b>6 months ended 30 June 2017</b>	<b>6 months ended 30 June 2016</b>
Key management compensation	243,578	59,714
<b>Total key management compensation</b>	<b>243,578</b>	<b>59,714</b>

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel as at 30 June 2017 include 10 persons (30 June 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	288,743	626,396	197,073	21,786,377	22,898,589
Transfers	2,388,747	3,515,254	24,001	(5,928,002)	-
Changes in accounting estimate	(63,947)	-	11,880	-	(52,067)
Depreciation	(5,522,667)	(15,944,782)	(442,499)	-	(21,909,948)
Disposals	(1,252)	(48,739)	(7,023)	(194,198)	(251,212)
<b>Carrying amount at 30 June 2017</b>	<b>182,132,140</b>	<b>468,412,021</b>	<b>8,580,835</b>	<b>117,832,006</b>	<b>776,957,002</b>
Cost at 30 June 2017	224,916,596	585,054,611	13,380,989	119,501,973	942,854,169
Accumulated depreciation and impairment	(42,784,177)	(116,642,591)	(4,800,432)	(1,669,968)	(165,897,168)
<b>Carrying amount at 30 June 2017</b>	<b>182,132,419</b>	<b>468,412,020</b>	<b>8,580,557</b>	<b>117,832,005</b>	<b>776,957,001</b>

Additions for the period include capitalised borrowing costs in the amount of Tenge 890,110 thousand.

As at 30 June 2017 the property, plant and equipment with carrying value of Tenge 5,492,360 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>6 months ended 30 June 2017</b>	<b>Six months ended 30 June 2016</b>
Cost of sales	21,485,274	20,014,524
General and administrative expenses	416,791	463,564
Other expenses	7,883	7,905
<b>Total depreciation charge</b>	<b>21,909,948</b>	<b>20,485,993</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	Total
	EGRES-2	Forum Muider	BTES	
<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	1,684,001	2,395,560	(396,968)	3,682,593
Dividend accrued	1,500,000	(1,847,592)	-	(347,592)
<b>Balance at 30 June 2016</b>	<b>32,706,947</b>	<b>26,072,670</b>	<b>29,086,223</b>	<b>87,865,840</b>
<b>Balance at 1 January 2017</b>	<b>31,810,629</b>	<b>26,524,888</b>	<b>27,570,522</b>	<b>85,906,040</b>
Share of profit/(loss) for the period	(6,664,577)	5,079,141	(994,584)	(2,580,020)
Dividend accrued	-	(2,550,313)	-	(2,550,313)
<b>Balance at 30 June 2017</b>	<b>25,146,053</b>	<b>29,053,716</b>	<b>26,575,938</b>	<b>80,775,707</b>

At 30 June 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. The shareholders of the Balkhashskaya TES are Samsung C&T Corporation and Samruk-Energy JSC, whose shareholding is 50% + 1 share and 50% -1 share, respectively, as of 30 June 2017 (Note 3).

**8 Other Non-Current Assets**

<i>In thousands of Kazakhstani Tenge</i>	30 June 2017	31 December 2016
Restricted cash	865,825	895,025
Long term deposits	62,525	62,525
<b>Total financial other non-current assets</b>	<b>928,350</b>	<b>957,550</b>
Prepayments for non-current assets	12,772,547	15,302,114
Non-current VAT receivable	1,047,286	1,429,099
Other non-current assets	215,137	165,172
<b>Total other non-current assets</b>	<b>14,963,320</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 June 2017</b>	<b>31 December 2016</b>
Modernization of Shardara GES	7,808,847	7,453,393
Construction and reconstruction of substations in Almaty and Almaty region	4,666,872	5,479,090
Construction of administrative building	-	2,200,000
Reconstruction and expansion of HPP-2 of ALES	138,680	138,680
Other	158,148	30,951
<b>Total prepayments for non-current assets</b>	<b>12,772,547</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 June 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 June 2017</b>	<b>31 December 2016</b>
Auxiliary production materials	5,652,387	5,421,363
Fuel	3,981,721	4,113,423
Spare parts	1,298,369	617,517
Raw materials	28,434	24,416
Other materials	680,768	479,012
Less: provision for write down to net realisable value and provision for slow-moving and obsolete inventories	(1,051,919)	(974,193)
<b>Total inventories</b>	<b>10,589,760</b>	<b>9,681,538</b>

**10 Trade and Other Receivables**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2017</b>	<b>31 December 2016</b>
Trade receivables	14,593,205	16,054,148
Less: impairment provision	(247,475)	(217,216)
<b>Total financial trade and other receivables</b>	<b>14,345,730</b>	<b>15,836,932</b>
Other receivables	4,012,018	4,147,560
Less: impairment provision	(3,727,953)	(3,824,395)
<b>Total trade and other receivables</b>	<b>14,629,795</b>	<b>16,160,097</b>

Group's financial trade and other receivables are denominated in Tenge as at 30 June 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 June 2017****11 Other Current Assets**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 June 2017</b>	<b>31 December 2016</b>
Term deposits	27,904,070	31,569,244
Restricted cash	6,355,978	6,399,315
Bonds	223,492	223,491
Dividends receivable	4,779	1,728,179
<b>Total financial other current assets</b>	<b>34,488,319</b>	<b>39,920,229</b>
Advances to suppliers	2,436,317	1,406,572
VAT recoverable and prepaid taxes	1,513,007	2,141,687
Assets held for the benefit of the Shareholder	1,096,605	1,096,559
Other	2,698,366	851,239
Less: impairment provision	(584,558)	(639,658)
<b>Total other current assets</b>	<b>41,648,056</b>	<b>44,776,628</b>

Term deposits for the amount of Tenge 23,947,086 thousand and Tenge 3,956,984 thousand are denominated in US dollars and Tenge, respectively (31 December 2016: Tenge 4,772,577 thousand and Tenge 26,796,667 thousand are denominated in US dollars and Tenge, respectively).

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 June 2017</b>	<b>31 December 2016</b>
Deposits on demand	14,728,145	4,503,007
Cash at current bank accounts	7,148,648	12,828,149
Cash on hand	33,593	19,305
Cash in transit	1,630	
<b>Total cash and cash equivalents</b>	<b>21,912,016</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 June 2017</b>	<b>31 December 2016</b>
Kazakhstani Tenge	9,337,217	15,244,231
US Dollar	8,931,729	2,042,227
Other currencies	3,643,070	64,003
<b>Total cash and cash equivalents</b>	<b>21,912,016</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.

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

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.

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	9,923,690	29,898,440	15,579,962	130,712	19,725	3,543	55,556,072
Intangible assets	22,911	232,632	397,428	28,801	298	10	682,080
Exploration assets	-	-	-	-	6,295,947	7,745,990	14,041,937
Other non-current assets	53,610	462,872	-	-	612,877	4,191	1,133,550
Deferred income tax assets	-	-	-	43,773	-	-	43,773
Inventories	336,733	361,743	533,887	11,934	3,238	670	1,248,205
Trade receivables	139,304	264,180	200,140	1,587,344	-	-	2,190,968
Other current assets	9,952	394,854	64,828	136,432	5,033	67	611,166
Cash and cash equivalents	7,819	714,154	134,667	254,290	1,836	53	1,112,819
<b>Total assets classified as held for sale (or disposal groups)</b>	<b>10,494,019</b>	<b>32,328,875</b>	<b>16,910,912</b>	<b>2,193,286</b>	<b>6,938,954</b>	<b>7,754,524</b>	<b>76,620,570</b>
Employee benefits	116,227	97,593	114,549	-	-	-	328,369
Borrowings	-	13,953,283	1,468,127	1,500,000	-	-	16,921,410
Deferred income tax liability	606,881	1,988,093	1,068,361	-	-	-	3,663,335
Other liabilities	201,226	3,000,811	884,564	1,065,797	70,688	2,191	5,225,277
Trade payables	761,209	341,278	519,278	1,049,435	6,832	607	2,678,639
<b>Total liabilities directly associated with disposal groups classified as held for sale</b>	<b>1,685,543</b>	<b>19,381,058</b>	<b>4,054,879</b>	<b>3,615,232</b>	<b>77,520</b>	<b>2,798</b>	<b>28,817,030</b>

**14 Equity**

**Share capital**

	<b>Issue date</b>	<b>Number of authorised and issued shares</b>	<b>Value per share, Tenge</b>	<b>Share Capital, (thousands of Tenge)</b>
<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 June 2017</b>		<b>5,601,687</b>		<b>373,314,888</b>

At 30 June 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>	<b>Merger reserve</b>	<b>Result of transactions with shareholder</b>	<b>Other comprehensive loss</b>	<b>Total</b>
<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	-	-	(84,660)	(84,660)
<b>Balance at 30 June 2017</b>	<b>37,282,287</b>	<b>90,607,549</b>	<b>(335,119)</b>	<b>127,554,716</b>

**SAMRUK-ENERGY JSC****Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2017****15 Borrowings**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2017</b>	<b>31 December 2016</b>
<b>Non-current portion</b>		
Bank term loans	123,937,968	137,031,748
Loans from Samruk-Kazyna	55,154,859	55,764,656
Loans from customers	1,636,756	1,648,553
<b>Total borrowings - non-current portion</b>	<b>180,729,583</b>	<b>194,444,957</b>
<b>Current portion</b>		
Bonds issued	161,274,053	166,751,874
Bank term loans	27,695,283	22,657,845
Loans from Samruk-Kazyna	2,608,862	2,617,196
Loans from customers	807,403	638,370
Notes payable	450,358	450,358
<b>Total borrowings-current portion</b>	<b>192,835,959</b>	<b>193,115,643</b>
<b>Total borrowings</b>	<b>373,565,542</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>Effective interest rate,%</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
<i>Samruk-Energy</i>			
Samruk-Kazyna	12.8% per annum	57,763,721	58,381,852
Kazkommertsbank	12.7% per annum	10,180,000	10,180,000
Sberbank	13% per annum	4,099,722	1,953,608
Eurobonds	3.85% per annum	161,274,054	166,751,874
<b>Total Samruk-Energy</b>		<b>233,317,497</b>	<b>237,267,334</b>
<i>AZhK</i>			
Loans from customers	13% per annum	2,443,295	2,383,016
Halyk Bank	13% -14% per annum	3,519,517	1,442,443
Notes payable	11.5% per annum	450,358	450,358
<b>Total AZhK</b>		<b>6,413,170</b>	<b>4,275,817</b>

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

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

<i>In thousands of Kazakhstan Tenge</i>	<b>Effective interest rate, %</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
<i>Almaty Power Station</i>			
Halyk Bank	13% - 13.5% per annum	5,283,572	7,845,934
<b>Total Almaty Power Station</b>		<b>5,283,572</b>	<b>7,845,934</b>
<i>Moinak HPS</i>			
State Development Bank of China	6MLIBOR+1.2%	50,343,153	53,732,805
Development Bank of Kazakhstan	1.15%*6MLIBOR- 1.15%	20,953,261	22,339,093
<b>Total Moinak HPS</b>		<b>71,296,414</b>	<b>76,071,898</b>
<i>AlmatyEnergoSbyt</i>			
Halyk Bank	13-17% per annum	1,994,303	2,254,827
<b>Total AlmatyEnergoSbyt</b>		<b>1,994,303</b>	<b>2,254,827</b>
<i>PVES</i>			
Eurasian Development Bank	7.5% - 14% per annum	12,195,745	13,174,957
<b>Total PVES</b>		<b>12,195,745</b>	<b>13,174,957</b>
<i>Shardard HPP</i>			
European Bank for reconstruction and development	9.4 %-10.9%	13,067,629	11,560,938
<b>Total Shardara HPS</b>		<b>13,067,629</b>	<b>11,560,938</b>
<i>Energy Semirechya</i>			
SPK Zhetisu	-	863	3,062
<b>Total Energy Semirechya</b>		<b>863</b>	<b>3,062</b>
<i>EGRES-1</i>			
Halyk Bank	13 %	29,996,349	35,105,833
<b>Total EGRES-1</b>		<b>29,996,349</b>	<b>35,105,833</b>
<b>Total borrowings</b>		<b>373,565,542</b>	<b>387,560,600</b>

During six months ended 30 June 2017 the Group received and repaid borrowings within existing credit lines for the amounts shown in the condensed consolidated interim cash flow statement.

For the six months ended 30 June 2017 the following are the significant changes in borrowings:

**15 Borrowings (Continued)****Samruk-Energy***Eurobonds*

Due to Tenge strengthening against US dollars for the six months ended 30 June 2017, Samruk-Energy recognised a foreign exchange gain in the amount of Tenge 5,555,800 thousand on Eurobonds.

**Moinak HPS**

During six months ended 30 June 2017 the Moinak HPS repaid the principal amount of Tenge 1,558,550 thousand. Also, due to Tenge strengthening against US Dollar for the six months ended 30 June 2017, the Moinak HPS recognised a gain on the foreign exchange difference in the amount of Tenge 1,830,735 thousand.

**EGRES-1**

During six months ended 30 June 2017 EGRES -1 early repaid borrowings for the total amount of Tenge 5,107,754 thousand.

**Shardara HPS**

As of 30 June 2017 Shardara HPS exceeded the established value of the covenant on the loan from European Bank for Reconstruction and Development. Consequently, the Group reclassified the borrowings received by Shardara HPS from non-current to current liabilities.

**16 Trade and Other Payables**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2017</b>	<b>31 December 2016</b>
Trade payables	9,143,168	7,968,694
Payable to Almaty Akimat	5,841,513	5,841,513
Dividends payable	5,490,798	707,275
Other financial payables	385,051	624,360
<b>Total financial trade and other payables</b>	<b>20,860,530</b>	<b>15,141,842</b>
Other payables	2,381,592	2,318,552
Advances received from customers	2,160,050	2,393,924
Accrued provisions for unused vacations	2,030,964	2,068,892
Other distributions to shareholder	1,174,066	1,174,066
Salaries payable	971,747	1,039,626
<b>Total trade and other payables</b>	<b>29,578,949</b>	<b>24,136,902</b>

As at 30 June 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 June 2017****17 Revenue**

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2017</b>	<b>Six months ended 30 June 2016 (restated*)</b>	<b>Three months ended 30 June 2017</b>	<b>Three months ended 30 June 2016 (restated*)</b>
Sale of electricity	90,304,777	72,253,522	40,613,002	32,308,061
Sale of heat energy	8,903,498	7,013,942	2,062,241	1,483,255
Income from lease of renewable energy power plants	2,553,719	1,873,448	1,159,305	706,125
Electricity transmission and distribution services	1,699,406	910,398	819,222	445,927
Income from lease of investment property	1,607,975	1,760,914	801,714	856,554
Sale of chemical water	812,038	804,290	430,267	414,146
Other	351,573	177,337	77,150	79,971
<b>Total revenue</b>	<b>106,232,986</b>	<b>84,793,851</b>	<b>45,962,901</b>	<b>36,294,039</b>

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

**18 Cost of Sales**

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2017</b>	<b>Six months ended 30 June 2016 (restated*)</b>	<b>Three months ended 30 June 2017</b>	<b>Three months ended 30 June 2016 (restated*)</b>
Depreciation of property, plant and equipment and amortisation of intangible assets	21,627,102	20,165,865	10,487,176	10,021,874
Fuel	21,586,505	14,712,717	7,506,435	4,579,060
Payroll and related expenses	11,434,351	10,211,147	5,871,760	5,102,338
Third party services	4,102,270	3,478,094	1,918,783	1,841,874
Electricity transmission and other services	4,047,324	3,751,064	1,976,921	1,983,878
Taxes other than on income tax	3,644,533	2,884,692	1,725,916	1,335,646
Cost of purchased electricity	2,825,448	2,325,582	1,780,716	1,092,052
Repairs and maintenance	2,157,279	1,780,630	1,521,747	1,183,692
Water supply	1,996,295	1,841,750	1,095,509	875,430
Materials	846,719	933,634	527,597	370,727
Security service	493,768	433,057	249,661	218,121
Rent services	91,737	100,507	45,793	51,760
Electricity losses on transmission	76,090	81,591	52,845	60,621
Provision on obsolete and slow-moving inventories	78,300	(579,643)	114,565	(41,089)
Other	1,279,440	1,207,531	642,644	614,844
<b>Total cost of sales</b>	<b>76,287,161</b>	<b>63,328,218</b>	<b>35,518,068</b>	<b>29,290,828</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 June 2017**
**19 General and Administrative Expenses**

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2017</b>	<b>Six months ended 30 June 2016 (restated*)</b>	<b>Three months ended 30 June 2017</b>	<b>Three months ended 30 June 2016 (restated*)</b>
Payroll and related expenses	2,761,185	2,652,203	1,437,573	1,293,161
Administrative fines	775,800	-	775,800	-
Consulting and other professional services	644,555	1,026,292	237,891	859,611
Depreciation of property, plant and equipment and amortisation of intangible assets	549,808	607,655	272,090	298,268
Rent expense	315,309	314,402	161,767	158,653
Taxes other than on income	195,342	327,532	65,986	235,684
Security services	133,630	121,369	71,574	62,190
Business trip and representative expenses	119,578	97,725	85,650	53,082
Materials	102,481	117,722	55,060	68,315
Bank charges	88,633	130,608	21,694	49,906
Repair and maintenance	78,902	60,630	45,305	31,017
Communication expenses	57,136	60,733	30,206	30,575
Insurance	43,399	42,610	19,213	21,023
State duty	15,170	60,938	6,290	49,078
Transportation expenses	13,886	10,815	6,447	5,664
Charge/(reversal) of provision for impairment of trade and other receivables and other current assets	588,561	(132,603)	550,530	(296,649)
Other	831,291	754,339	539,207	329,174
<b>Total general and administrative expenses</b>	<b>7,314,666</b>	<b>6,252,970</b>	<b>4,382,283</b>	<b>3,248,752</b>

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

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.

**20 Finance Income**

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2017</b>	<b>Six months ended 30 June 2016 (restated*)</b>	<b>Three months ended 30 June 2017</b>	<b>Three months ended 30 June 2016 (restated*)</b>
Foreign exchange gains less losses	6,404,370	1,088,914	-	2,860,110
Interest income on bank deposits	1,294,635	1,510,311	616,754	696,127
Interest income on bonds	6,479	156,352	3,239	72,758
Other	12,710	120,185	6,333	73,823
<b>Total finance income</b>	<b>7,718,194</b>	<b>2,875,762</b>	<b>626,326</b>	<b>3,702,818</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 June 2017**
**21 Finance Costs**

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2017</b>	<b>Six months ended 30 June 2016 (restated*)</b>	<b>Three months ended 30 June 2017</b>	<b>Three months ended 30 June 2016 (restated*)</b>
Foreign exchange losses less gains	-	-	4,990,560	-
Interest expense on borrowings	6,507,342	6,186,556	3,310,202	2,863,790
Interest expense on bonds	2,966,953	3,221,634	1,481,438	1,550,436
Dividends on preference shares of subsidiaries	70,550	70,554	35,275	35,278
Unwinding of the present value discount:				
- loans and financial aid from shareholders	1,905,479	-	879,817	-
- loans from customers	136,234	145,834	67,895	72,399
- employee benefit payable	56,164	21,325	27,692	21,325
- ash dump restoration provision	53,538	80,371	44,407	80,371
- bonds issued	38,492	37,050	21,962	21,237
- notes payable	-	-	-	-
Other	121,638	221,383	74,323	189,448
<b>Total finance costs</b>	<b>11,856,390</b>	<b>9,984,707</b>	<b>10,933,571</b>	<b>4,834,284</b>

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

**22 Income tax**

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2017</b>	<b>Six months ended 30 June 2016 (restated*)</b>	<b>Three months ended 30 June 2017</b>	<b>Three months ended 30 June 2016 (restated*)</b>
Current income tax	1,767,552	1,454,036	301,823	414,560
Deferred income tax	1,318,149	1,627,634	205,642	908,740
<b>Total income tax expense</b>	<b>3,085,701</b>	<b>3,081,670</b>	<b>507,465</b>	<b>1,323,300</b>

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Six months ended 30 June 2017</b>	<b>Six months ended 30 June 2016 (restated*)</b>	<b>Three months ended 30 June 2017</b>	<b>Three months ended 30 June 2016 (restated*)</b>
<b>Profit/(loss) before tax under IFRS</b>	<b>9,434,753</b>	<b>10,147,974</b>	<b>(15,538,777)</b>	<b>4,167,226</b>
Theoretical tax expense/(benefit) at statutory rate of 20% (2016: 20%)	1,886,950	2,029,595	(3,107,755)	833,445
Adjustments for:				
Share of (profit)/loss of joint ventures not subject to income tax	516,004	(736,519)	1,488,475	(527,186)
Non-deductible expenses	594,846	580,127	598,411	510,108
Temporary differences that will be recognised upon termination of investment contract	(171,572)	203,834	(170,064)	102,212
Withholding tax	90,460	155,146	47,474	80,177
Corrections of prior periods	68,969	5,030	68,969	-
Changes in unrecognised deferred income tax assets	655,044	1,235,003	2,023,435	741,447
Gain of Moinak HPS exempted from income tax	(555,000)	(390,546)	(441,480)	(416,903)
<b>Total income tax expense</b>	<b>3,085,701</b>	<b>3,081,670</b>	<b>507,465</b>	<b>1,323,300</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 June 2017**
**23 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. At 30 June 2016 assets and liabilities of VKREC, SHET, MEDC, ATPS, TM and MM are classified as a disposal group.

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

Analysis of results of discontinued operations as at 30 June 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>TM</b>	<b>MM</b>	<b>KGSH</b>	<b>Elimi- nations</b>	<b>Total</b>
Revenue	3,902,005	5,001,357	6,399,754	14,134,797	-	-	150,895	(5,063,719)	24,525,089
Expenses	(3,569,525)	(3,480,790)	(4,879,172)	(15,139,716)	(12,939)	(91,777)	(145,255)	5,178,072	(22,141,102)
<b>Profit or loss before tax from discontinued operations</b>	<b>332,480</b>	<b>1,520,567</b>	<b>1,520,582</b>	<b>(1,004,919)</b>	<b>(12,939)</b>	<b>(91,777)</b>	<b>5,640</b>	<b>114,353</b>	<b>2,383,987</b>
Income tax expense	(98,522)	(361,064)	(344,768)	45,133	-	-	(1,629)	-	(760,850)
<b>Profit or loss from discontinued operations</b>	<b>233,958</b>	<b>1,159,503</b>	<b>1,175,814</b>	<b>(959,786)</b>	<b>(12,939)</b>	<b>(91,777)</b>	<b>4,011</b>	<b>114,353</b>	<b>1,623,137</b>

## **24 Contingencies, Commitments and Operating Risks**

Except for the information prescribed below, as at 30 June 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.

### ***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 June 2017 the Group had contractual commitments to purchase the property, plant and equipment for Tenge 115,937,056 thousand (31 December 2016: Tenge 125,661,235 thousand).

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

As at 30 June 2017 the Group's share in capital expenditure commitments of Forum Muider and ERGES-2 comprised Tenge 45,278,743 thousand (31 December 2016: Tenge 47,115,412 thousand). The Group's share in the long-term contractual capital commitments of BTPP amounted to Tenge 409,098,596 thousand as at 30 June 2017 (2016: Tenge 409,098,596 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 June 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.

## **25 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.

**25 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 June 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	-	-	21,912,016	21,912,016	-	-	17,350,461	17,350,461
Restricted cash	-	-	7,221,803	7,221,803	-	-	7,294,340	7,294,340
Term deposit	-	-	27,966,595	27,966,595	-	-	31,631,769	31,631,769
Trade and other receivables	-	-	14,345,730	14,345,730	-	-	15,836,932	15,836,932
Dividends receivable	-	-	4,779	4,779	-	-	1,728,179	1,728,179
Fair value of future minimum lease payments	-	-	9,497,278	614,323	-	-	10,950,240	667,785
Bonds	218,731	-	-	223,492	212,098	-	-	223,491
<b>Total financial assets</b>	<b>218,731</b>	<b>-</b>	<b>80,948,201</b>	<b>72,288,738</b>	<b>212,098</b>	<b>-</b>	<b>84,791,921</b>	<b>74,732,957</b>
<b>LIABILITIES</b>								
Borrowings	161,202,677	-	199,953,080	373,565,542	167,789,851	-	218,862,253	387,560,600
Trade and other payables	-	-	20,860,530	20,860,530	-	-	15,141,842	15,141,842
Other financial liabilities	-	-	307,899	307,899	-	-	309,393	309,393
<b>Total financial liabilities</b>	<b>161,202,677</b>	<b>-</b>	<b>221,121,509</b>	<b>394,733,971</b>	<b>167,789,851</b>	<b>-</b>	<b>234,313,488</b>	<b>403,011,835</b>

**26 Events Occurring After the Reporting Period**

In accordance with the requirements of Agreement on the provision of a credit line between JSC Halyk Bank of Kazakhstan and EGRES-1, No. KS 01-15-06 dated 8 April 2015 the Group made a partial early repayment of the borrowing for Tenge 1,892,245 thousand on 17 July 2017.

On 20 July 2017 the Group summarised the results of open two-stage tenders on the realisation of the VKREC (including SHET) and MEDC. After completing the necessary corporate procedures purchase and sale agreements will be signed with the winners of the specified tenders.

On 24 July 2017 AZhK and JSC "Halyk Bank of Kazakhstan" signed an additional agreement No. 11 to the Agreement on the provision of a credit line regarding the increase of credit limit to the amount of Tenge 7,5 billion for refinancing the bonds issued by AZhK. Currently this limit has not been utilised by the Group.

In accordance with the decision of the Shareholder the Group paid dividends for the amount of Tenge 4,704,895 thousand on 25 July 2017.

On 25 July 2017 the Company received a tranche from Sberbank JSC for the amount of Tenge 3,505,000 thousand for general corporate purposes within the credit line (tranches) No. 16-14285-01-KЛ dated 16 June 2017.

On 27 July 2017 ALES and JSC "Halyk Bank of Kazakhstan" signed an additional agreement No. 15 to the Agreement on the provision of a credit line in terms of increasing the credit limit to the amount of Tenge 13 billion for refinancing the bonds issued by ALES.

On 31 July 2017 ALES made a partial early redemption of the 5th, 6th, 11th and 12th bond issues for the total amount of Tenge 13,000,011 thousand.