



**SAMRUK-ENERGY JSC**

**International Financial Reporting Standards  
Condensed Separate Interim Financial Statements  
as of March 31, 2016**

**SAMRUK-ENERGY JSC**  
**Separate Statement of Financial Position**

<i>In thousands of Kazakhstani Tenge</i>	Note	31 March 2016	31 December 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		786,664	839,024
Intangible assets		1,078,819	1,102,744
Investments in subsidiaries and jointly controlled entities	4	553,675,186	552,345,214
Loans and other financial assets	5	45,660,627	48,608,373
Other non-current assets	6	3,141,025	3,118,461
<b>Total non-current assets</b>		<b>604,342,321</b>	<b>606,013,816</b>
<b>Current assets</b>			
Receivables	7	378	2,103,822
Inventories		25,130	29,905
Loans issued and other financial assets	5	17,769,651	16,339,333
Other current assets	8	30,536,365	30,467,842
Cash and cash equivalents	9	324,998	6,635,292
<b>Total current assets</b>		<b>48,656,522</b>	<b>55,576,194</b>
<b>TOTAL ASSETS</b>		<b>652,998,843</b>	<b>661,590,010</b>
<b>EQUITY</b>			
Share capital		355,650,405	355,650,405
Other reserves		91,668,501	91,668,501
Retained earnings/(retained loss)		(42,719,833)	(39,940,758)
<b>TOTAL EQUITY</b>		<b>404,599,073</b>	<b>407,378,148</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	10	237,024,374	234,201,959
Long-term financial guarantees	11	1,615,653	1,644,699
<b>Total non-current liabilities</b>		<b>238,640,027</b>	<b>235,846,658</b>
<b>Current liabilities</b>			
Borrowings	10	5,518,801	14,299,257
Other trade and other payables and accrued liabilities		390,808	2,826,048
Other taxes payable		41,533	65,834
Short-term financial liability		3,808,600	1,174,065
<b>Total current liabilities</b>		<b>9,759,743</b>	<b>18,365,204</b>
<b>Total current liabilities</b>		<b>248,399,770</b>	<b>254,211,862</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>652,998,843</b>	<b>661,590,010</b>



Kairat B. Maxutov  
 CFO, Chief Finance Officer

Saule B. Tulekova  
 Head of «Financial and Tax Accounting»  
 department – Chief Accountant

**SAMRUK-ENERGY JSC**  
**Separate Statement of Profit and Loss and Comprehensive Income**

(i) <i>In thousands of Kazakhstani Tenge</i>	Note	Three months ended March 31, 2016	Three months ended March 31, 2015
Dividend income		1,380,231	3,328,295
Other income		566	195,870
Other expenses		-	(495)
General and administrative expenses	12	(1,233,538)	(976,518)
<b>Profit from operating activities</b>		<b>147,259</b>	<b>2,547,152</b>
Finance income	13	4,500,898	1,401,293
Finance costs	14	(7,352,263)	(4,884,195)
<b>(Loss)/profit before income tax</b>		<b>(2,704,106)</b>	<b>(935,750)</b>
Income tax expense		(74,969)	(67,880)
<b>(Loss)/profit for the period</b>		<b>(2,779,075)</b>	<b>(1,003,630)</b>
Other comprehensive income			-
<b>Total comprehensive income</b>		<b>(2,779,075)</b>	<b>(1,003,630)</b>

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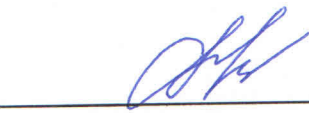
Saule B. Tulekova  
 Head of «Financial and Tax Accounting»  
 department – Chief Accountant

**SAMRUK-ENERGY JSC**  
**Separate Statement of Changes in Equity**

	Share capital	Other reserve capital	(Accumulated deficit)/Retained earnings	Total equity
<i>In thousands of Kazakhstani Tenge</i>				
	<i>Note</i>			
<b>Balance at 1 January 2015</b>	<b>355,364,386</b>	<b>19,086,598</b>	<b>2,767,277</b>	<b>377,218,211</b>
Profit for the year	-	-	(36,752,847)	(36,752,847)
Other comprehensive income	-	-	(36,752,847)	(36,752,847)
Increase in share capital	286,019	-	-	286,019
Gain from initial recognition of loan from Samruk-Kazyna	-	72,581,903	-	72,581,903
Other distribution to shareholder	-	-	(1,174,065)	(1,174,065)
Dividends	-	-	(4,781,073)	(4,781,073)
<b>Balance at 31 December 2015</b>	<b>355,650,405</b>	<b>91,668,501</b>	<b>(39,940,758)</b>	<b>407,378,148</b>
<b>Balance at 1 January 2016</b>	<b>355,650,405</b>	<b>91,668,501</b>	<b>(39,940,758)</b>	<b>407,378,148</b>
Profit for the year	-	-	(2,779,075)	(2,779,075)
Other comprehensive income	-	-	(2,779,075)	(2,779,075)
Increase in share capital	-	-	-	-
Dividends	-	-	-	-
<b>Balance at 31 March 2016</b>	<b>355,650,405</b>	<b>91,668,501</b>	<b>(42,719,833)</b>	<b>404,599,073</b>



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**SAMRUK-ENERGY JSC**  
**Separate Statement of Cash Flows**

<i>(ii) In thousands of Kazakhstani Tenge</i>	Note	Three months ended 31 March, 2016	Three months ended 31 March, 2015
<b>Cash flow from operating activities:</b>			
<b>Cash inflow, total</b>		<b>1,005,321</b>	<b>517,917</b>
Proceeds from interest on loans issued		163,781	499,038
Proceeds from interest on amounts due from credit institutions		281,358	-
Proceeds from interest on cash		-	-
Proceeds from interest on financial assets (debt securities)		502,578	-
Dividends received		-	-
Other income		57,604	18,879
<b>Cash outflow, total</b>		<b>(2,039,349)</b>	<b>(1,437,665)</b>
Payments to suppliers for goods and services		(297,262)	(205,848)
Prepayments		(205,063)	(148,642)
Payment of wages		(407,931)	(311,523)
Payment of interest on loans received		(905,523)	(417,218)
Payment of interest on debt securities		-	-
Corporate income tax		(1)	-
Other payments to the budget		(94,788)	(281,088)
Other payments		(128,781)	(73,346)
<b>Net cash used in operating activities</b>		<b>(1,034,028)</b>	<b>(919,748)</b>
<b>Cash flow from investing activities</b>			
<b>Cash inflow, total</b>		<b>10,945,493</b>	<b>19,412,837</b>
Proceeds from the sale of debt instruments		-	2,069,000
Proceeds from sale of subsidiaries		-	-
Proceeds from the sale of interests in joint ventures		2,194,110	-
Return of bank deposits		4,019,201	-
Repayment of loans granted		152,998	-
Dividends received		-	2,214,839
Proceeds from redemption of debt instruments of issuers		3,484,740	-
Other		1,094,444	15,128,998
<b>Cash outflow, total</b>		<b>(5,999,446)</b>	<b>(18,274,926)</b>
Purchase of fixed and intangible assets		(101,178)	(110,607)
Loans and financial assistance issued by subsidiaries and jointly controlled entities		-	-
The acquisition of debt instruments		-	(7,329,292)
Acquisition of subsidiaries		-	-
Acquisition of shares in associates		(1,158,330)	-
Contribution to the share capital of subsidiaries		-	(1,759,687)
Placement of bank deposits,		(3,650,908)	(9,075,340)
Short-term loans issued		(844,648)	-
Other		(244,382)	-
<b>Net cash used in investing activities</b>		<b>4,946,047</b>	<b>1,137,911</b>
<b>Cash flow from financing activities</b>			
<b>Cash inflow, total</b>		<b>-</b>	<b>-</b>
Proceeds from issue of shares		-	-
Receipt of loans from Samruk-Kazyna		-	-
Obtaining bank loans		-	-
<b>Cash outflow, total</b>		<b>(10,584,244)</b>	<b>(3,106,109)</b>
Payment of principal on short-term loans received		(8,200,000)	(3,106,109)
Payment of principal on long-term loans received		(2,381,109)	-
Dividends paid to shareholders		(3,135)	-
<b>Net cash used in financing activities</b>		<b>(10,584,244)</b>	<b>(3,106,109)</b>
Foreign exchange effect on Cash and cash equivalents		361,931	107,132
<b>Net (decrease)/increase in cash and cash equivalents of continuing operation</b>		<b>(6,310,294)</b>	<b>(2,780,814)</b>

Прилагаемые примечания со страницы 7 по страницу 14 являются неотъемлемой частью данной отдельной финансовой отчетности

**SAMRUK-ENERGY JSC**  
**Separate Statement of Cash Flows**

<i>(ii) In thousands of Kazakhstani Tenge</i>	Note	Three months ended 31 March, 2016	Three months ended 31 March, 2015
Cash and cash equivalents at the beginning of the year		6,635,292	9,280,080
Cash and cash equivalents at the end of the period		324,998	6,499,266



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## **1. The Company and its operating activities**

The company was incorporated on April 18, 2007 and registered on May 10, 2007. The company is a joint stock company, and was set up in accordance with regulations of the Republic of Kazakhstan.

The Company's shareholder is Samruk-Kazyna National Welfare Fund JSC (hereinafter Samruk-Kazyna), which owns 100% of company's stake. The Company's ultimate controlling party is the Government of the Republic of Kazakhstan.

### ***Principal activity***

The Company is a holding company which unites a number of companies (together referred as the "Group") (Note 1). The Group's principal activities are production of electricity and heat energy and hot water on the basis of coal, hydrocarbons and water resources, and sale to households and industrial enterprises, transmission of electricity and technical distribution of electricity within the network, construction of power stations and lease of property of power stations.

### ***Registered address and place of business***

Registered address and place of business: Kabanbai Batyr Avenue 15A, Block B, Astana, Republic of Kazakhstan

In accordance with the separate financial statements as of 31 March 2016 the assets of the Company amounted to 652 998 843 thousand tenge, liabilities - 248 399 771 thousand tenge, equity - 404 599 073 thousand tenge, including net income (loss) attributable to shareholders (-2 779 075) thousand tenge, including net income (loss) attributable to shareholders

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

These separate condensed interim financial statements for the six months ended March 31, 2016 prepared in accordance with IFRS (IAS) 34 "Interim Financial Reporting" based on the principle of historical cost, adjusted for initial recognition of financial instruments at fair value. The following are the significant accounting policies that have been used in preparing these condensed interim separate financial statements and are consistent with the accounting policies used in the preparation of reports for the last fiscal year, with the exception of income tax. These separate condensed interim financial statements is subject to familiarization with the annual separate financial statements of the Company as at 31 December 2015, prepared in accordance with IFRS. The accounting policies used in preparing these condensed separate interim financial statements comply with the accounting policies that were applied in the previous financial year.

The Company has prepared these separate condensed interim financial statements for management. In addition, the Company has prepared these separate condensed interim financial statements in accordance with IFRS (IAS) 34 "Interim Financial Reporting" in relation to the Company and its subsidiaries (hereinafter the "Group"). In the separate condensed interim financial statements the operations of subsidiaries, defined as companies in which the Group owns more than half of the voting shares directly or indirectly or in relation to which the Company has the ability to otherwise control their financial and operating policies, are fully consolidated. The separate condensed interim financial statements of the Group may be received in Company's office at the following address: 15 A, Kabanbai Batyr Avenue, Astana, Republic of Kazakhstan.

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

The separate condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2016, to obtain full information about financial position, operating results and changes in Company's financial position as a whole.

### *Exchange rates*

At 31 March 2016 the exchange rate used for translation of foreign currency balances was 1 US Dollar = Tenge 343,62 (31 December 2015: : 1 US Dollar = Tenge 340.01).

On 11 February 2014 the National Bank of the Republic of Kazakhstan ceased to support the exchange rate of Tenge against foreign currencies. Tenge weakened by 20% against US dollar and the final exchange rate at KASE at that date was 1 US Dollar = Tenge 184.50.

On 15 July 2015 the National Bank of the Republic of Kazakhstan decided to widen the corridor for fluctuations of the exchange rate of Tenge against US Dollar from current 185 +/-15 Tenge to 185 +/-13/-15 Tenge for 1 US Dollar. Therefore, the corridor for fluctuations of exchange rate changed from 170-188 Tenge to 170-198 Tenge for 1 US Dollar.

In order to ensure the implementation of the new monetary policy based on inflation targeting regime, the National Bank of Kazakhstan has decided to cancel the trading band and go to a free floating exchange rate on August 20, 2015.

### *New accounting pronouncements*

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

A set of new standards, amendments to standards and interpretations is not effective as at 31 March 2016. The requirements of these amended standards have not been considered for the preparation of these condensed consolidated interim financial statements. The Group plans to adopt these standards as they become effective. Currently, the Group has not yet completed the analysis of potential effect of these standards on its financial statements.

## **3. Critical Accounting Estimates and Judgments in Applying Accounting Policies**

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

Applied critical accounting estimates and judgments correspond to the accounting estimates and judgments applied in the preparation of the annual separate financial statements for the year ended December 31, 2015.



**4. Investments in Subsidiaries and Joint Ventures**

At 31 March 2016 the carrying amount of investment was as follows:

	Country of registration	Carrying amount of investments at 31 March 2016, in thousands of tenge	Ownership percentage at 31 March 2016
<i>a) Investments in subsidiaries:</i>			
Alatau Zharyk Company JSC	Kazakhstan	46 501 110	100%
Almaty power stations JSC	Kazakhstan	30 212 480	100%
Almaty Energo Sbyt LLP	Kazakhstan	136 003	100%
Moynak HPP JSC	Kazakhstan	21 864 616	100%
Bukhtarma HPP JSC	Kazakhstan	1 050 790	90%
Shulby HPP JSC	Kazakhstan	1 230 658	92.14%
Shardary HPP JSC	Kazakhstan	1 221 089	100%
Ust-Kamenogors HPP JSC	Kazakhstan	465 019	89,99%
«Samruk-Green Energy» LLP	Kazakhstan	2 739 234	100%
Ekibastuz SDPS-1 named after Bulat Nurzhanov LLP	Kazakhstan	338 272 063	100%
Kazgidrotehenergo LLP	Kazakhstan	144 917	100%
First Wind Power Station LLP	Kazakhstan	9 019 824	100%
Karagandagiproshakt and K LLP	Kazakhstan	286 019	90,0004%
Ereymantau Wind Power LLP	Kazakhstan	1 051 875	100%
Kapchagai HPP LLP	Kazakhstan	152	100%
Energy of Semirechye LLP	Kazakhstan	15 319	51%
Aktobe Thermal Power Station JSC	Kazakhstan	7 176 726	100%
East-Kazakhstan regional electricity distribution company	Kazakhstan	7 723 741	100%
Mangistau Electricity Distribution Company JSC	Kazakhstan	785 297	75%
Tegis Munai LLP	Kazakhstan	14 968 140	100%
<i>b) Investments in joint ventures:</i>			
Stantciya Ekibastuzskaya GRES-2 JSC	Kazakhstan	8 725 133	50%
Forum Muider B.V.	The Netherlands	41 759 543	50%
<i>c) Investments in Associates:</i>			
«Balkhashskaya TES» JSC	Kazakhstan	20 760 350	37,92423%
<i>Less:</i>			
Impairment of investments		(2 434 912)	
<b>Total investments</b>		<b>553 675 186</b>	

**4. Investments in Subsidiaries and Joint Ventures (continued)**

At 31 December 2015 the carrying amount of investment was as follows:

	Country of registration	Carrying amount of investments at 31 December 2015, in thousands of tenge	Ownership percentage at 31 December 2015
<i>a) Investments in subsidiaries:</i>			
Alatau Zharyk Company JSC	Kazakhstan	46 501 110	75,22%
Almaty power stations JSC	Kazakhstan	30 212 480	100%
Almaty Energo Sbyt LLP	Kazakhstan	136 003	100%
Moynak HPP JSC	Kazakhstan	21 864 616	100%
Bukhtarma HPP JSC	Kazakhstan	1 050 790	90%
Shulby HPP JSC	Kazakhstan	1 230 658	92.14%
Shardary HPP JSC	Kazakhstan	1 221 089	100%
Ust-Kamenogors HPP JSC	Kazakhstan	465 019	89,99%
«Samruk-Green Energy» LLP	Kazakhstan	2 739 234	100%
Ekibastuz SDPS-1 named after Bulat Nurzhanov LLP	Kazakhstan	338 272 063	100%
Kazgidrotehenergo LLP	Kazakhstan	116 675	100%
First Wind Power Station LLP	Kazakhstan	9 092 563	99,996%
Karagandagiproshant and K LLP	Kazakhstan	286 019	90,0004%
Ereymenau Wind Power LLP	Kazakhstan	968 807	100%
Kapchagai HPP LLP	Kazakhstan	152	100%
Energy of Semirechye LLP	Kazakhstan	15 319	51%
Aktobe Thermal Power Station JSC	Kazakhstan	7 176 726	100%
East-Kazakhstan regional electricity distribution company	Kazakhstan	7 723 741	100%
Mangistau Electricity Distribution Company JSC	Kazakhstan	785 297	75%
Tegis Munai LLP	Kazakhstan	14 835 069	100%
<i>б) Investments in joint ventures:</i>			
Stantciya Ekibastuzskaya GRES-2 JSC	Kazakhstan	8 725 133	50%
Forum Muider B.V.	The Netherlands	41 759 543	50%
<i>в) Investments in Associates:</i>			
«Balkhashskaya TES» JSC	Kazakhstan	19 602 020	37,92423%
<i>Less:</i>			
Impairment of investments		(2 434 912)	
<b>Total investments</b>		<b>552 345 214</b>	

**5. Financial assets**

<i>In thousands of Kazakhstan Tenge</i>	<b>31 March 2016</b>	<b>31 December 2015</b>
<i>Долгосрочная часть</i>		
Bonds of Alatau Zharyk Company JSC	10 043 515	10 043 515
Bonds of Almaty power plants JSC	27 968 000	31 148 000
Bonds of Mangistau Distribution Power Grid Company JSC	1 193 266	1 191 941
Bonds of Samruk-Kazyna National Welfare Fund JSC	220 000	220 000
The loan, issued by Alatau Zharyk Company JSC	3 475 994	3 408 643
The loan, issued by First Wind Power Station LLP	1 991 886 888	1 828 288 -
The loan, issued by EK REC JSC	767 986	767 986
<b>Total financial assets – long-term portion</b>	<b>45 660 627</b>	<b>48 608 373</b>
<i>Short-term portion</i>		
Bonds of Almaty power plants JSC	6 253 379	6 187 401
Bonds of «Kazakhstan Engineering» JSC	6 846 342	6 800 200
Interest on bonds	1 044 021	635 673
The loan, issued by EK REC JSC	583 993	511 991
Accrued interest on loans granted	55 481	89 795
Financial assistance is issued by Ust-Kamenogors HPP JSC	30 390	30 390
Loans granted by Zhambyl SDPS-1 named after T. I. Baturov JSC	5 442	5 442
The loan, issued by Aktobe CHP JSC	425 000	450 000
The loan, issued to «Almaty Power Stations» JSC	2 213 531	1 568 883
The loan, issued by Energy of Semirechye LLP	317 514	65 000
Others	-	-
<i>Less impairment of investments:</i>	-5 442	-5 442
<b>Total financial assets – short-term portion</b>	<b>17 769 651</b>	<b>16 339 333</b>

**6. Other Non-current Assets**

<i>In thousands of Kazakhstan Tenge</i>	<b>31 March 2016</b>	<b>31 December 2015</b>
Advances paid for non-current assets	2 200 000	2 200 000
Financial guarantee to First Wind Power Station LLP	820,137	704,977
Other non-current assets	120 888	213 484
<b>Total other non-current assets</b>	<b>3 141 025</b>	<b>3 118 461</b>

**7. Receivables**

<i>In thousands of Kazakhstan Tenge</i>	<b>31 March 2016</b>	<b>31 December 2015</b>
Debt of TARAZENERGO 2005 LLP	-	2 098 911
Debts on financial guarantee of First Wind Power Station LLP	-	-
Other receivables	378	4 911
<b>Total trade and other receivables</b>	<b>378</b>	<b>2 103 822</b>

**8. Other Current Assets**

<i>In thousands of Kazakhstan Tenge</i>	<b>31 March 2016</b>	<b>31 December 2015</b>
Dividends receivable	2 944 784	2 634 314
VAT recoverable and other taxes prepaid	20 369	52 903
Advances paid	84 886	49 074
Prepaid expenses	11 637	23 260
Employee debt	23 837	48 065
Other assets	4 149	8 306
Bank deposits	26 433 297	26 626 827
Assets held for the benefit of the Shareholder	1 013 406	1 025 093
<b>Total other current assets</b>	<b>30 536 365</b>	<b>30 467 842</b>

**Актив, предназначенный в пользу Акционера**

On behalf of the Shareholder, the Company made a commitment for the construction of a kindergarten in Astana for the amount of Tenge 1,174,068 thousand, which was recorded as other distribution to shareholders. As at 31 March 2016, the Company incurred expenses associated with the construction of a kindergarten of Tenge 988,787 thousand and transferred an advance payment of Tenge 36,306 thousand. These actually incurred expenses are recorded as current assets held for the benefit of shareholders, as it is expected that these assets will be transferred to the shareholder during 2016 as the distribution of income to the shareholder.

**9. Cash and Cash Equivalents**

<i>In thousands of Kazakhstan Tenge</i>	<b>31 March 2016</b>	<b>31 December 2015</b>
Cash on bank accounts – USD	147 146	5 897 312
Cash on bank accounts – EUR	2 504	28 122
Cash on bank accounts – RUB	3	116
Cash on bank accounts – KZT	113 547	558 565
Cash on hand	1 798	1 177
Cash on time deposits	60 000	150 000
<b>Total cash and cash equivalents</b>	<b>324 998</b>	<b>6 635 292</b>

**10. Loans received**

<i>In thousands of Kazakhstan Tenge</i>	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Long-term portion</b>		
Loans from Sovereign Wealth Fund «Samruk-Kazyna» JSC	55 357 451	54 355 849
Long-term bank loans	10 000 000	10 000 000
Eurobonds	171 666 923	169 846 110
<b>Total loans – long-term portion</b>	<b>237 024 374</b>	<b>234 201 959</b>
<b>Short-term portion</b>		
Short-term bank loans	2 498 000	10 698 000
Loans from Samruk-Kazyna National Welfare Fund JSC	-	2 381 109
Interest accrued on loans from Samruk-Kazyna	906 954	800 135
Accrued interest on Eurobonds	1 807 584	194 798
Interest accrued on bank loans	306 263	225 215
Others	-	-
<b>Total short-term portion</b>	<b>5 518 801</b>	<b>14 299 257</b>
<b>Total loans</b>	<b>242 543 175</b>	<b>248 501 216</b>

*Samruk-Kazyna*

On 17 March 2010, the Company signed a loan agreement with Samruk-Kazyna for KZT 48,200,000 thousand for debt refinancing as a result of acquisition of a 50% interest in Forum Muider. The loan was issued at the interest rate of 1.2% per annum, and maturity not later than 15 September 2029. The principal is repayable by equal annual installments, and interest is paid by semi-annual installments, starting from the next reporting year after the loan is received.

On 14 January 2011, the Company signed a loan agreement with Samruk-Kazyna for KZT 7,000,000 thousand for refinancing of construction of a substation of Alatau Zharyk Company. The loan was issued at the interest rate of 2% per annum, and maturity not later than 25 January 2024. The principal is repayable by the end of the period, and interest is paid by semi-annual installments.

On 16 January 2014, the Company signed a loan agreement with Samruk-Kazyna for KZT 200,000,000 thousand for acquisition of the remaining interest in EGRES-1. The principal is repayable on 1 December 2028, and interest is paid by semi-annual instalments at the rate of 7.8%. The market rate at the date of the loan receipt was 9.5% per annum. On 3 October 2014, the loan agreement was changed significantly, according to addendum to the loan agreement #369, as follows:

- Principal of KZT 100,000,000 thousand was converted into shares of the Company
- Interest rate on the remaining principal was increased to 9% per annum, which approximates the market interest rate.

## **10. Loans received (continued)**

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

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

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

### *Bank loans*

On 13 October 2014 and 14 November 2014 the Company entered into a short-term general purpose loan agreement with ATF bank. Interest is payable on a monthly basis based on a rate of 11%-13% per annum depending on maturity of each tranche. Loans under one credit line was fully repaid during 2015. In September 2015 Samruk-Energy has obtained new tranche under existing credit line for amount of Tenge 4,500,000 thousand for replenishing of working capital. The interest rate on the loan was set as 11%. The loan is not secured.

On 25 May 2015 the Company has concluded renewable short-term loan agreement for amount of Tenge 10,000,000 thousand with Halyk Bank for purpose of replenishing of working capital. The interest rate on loans depends on maturity of each tranche and varies from 10.5% to 12.5%. On 6 November 2015 the Company has extended the loan agreement till 26 May 2017 and the new interest rate was set as 12.5% irrespective of tranche maturity for new tranches obtained since 1 October 2015. During 2015 the Company has obtained loans under this agreement for total amount of Tenge 20,698,000 thousand and has repaid loans for total amount of Tenge 14,500,000 thousand. As of 31 March 2016 the outstanding principal and interest payable amount is Tenge 2,627,596 thousand.

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

### *Bonds*

Bonds issued According to the decisions of the Board of Directors dated 7 September 2012 and 6 December 2012 the following parameters of the first Eurobond issue were approved:

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

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

### **10. Loans received (continued)**

USD 1,000 (one thousand). The issue was registered on the Irish Stock Exchange on 20 December 2012 under the number ISIN-XS0868359166. The Kazakhstan Stock Exchange included JSC "Samruk-Energy" in the official register of the category "rated debt securities" on 19 December 2012 under the number ISIN-XS0868359166. The Group issued and placed Eurobonds for the full amount of US Dollars 500,000 thousand.

During the first half of 2013 the Group placed bonds on the Kazakhstan Stock Exchange for the total amount of Tenge 2,956,595 thousand with a coupon rate of 6%. Bonds were repaid in November 2015. In October 2014, the Group made redemption of bonds in the amount of 4790 pieces, in December 2014 bought back 25,210 shares of bonds. In November 2015, the Group carried out the repayment of liabilities on coupon bonds in the amount of 2.97 million units in the amount of 2,970,000 thousand tenge.

### **11. Financial guarantees**

At 31 March 2016, the Company has a guarantee issued for a loan obtained by "The first wind power plants" LLP and "Shardara HPP" JSC. The fair value of the guarantee on initial recognition has been defined as the amount received as a result of a covered guarantee the amount of the interest rate representing the difference between the interest rate for which the borrower received a loan provided by the Company, and the interest rate that would be applicable if the Company does not issue guarantees. The cost of the guarantee is regarded as an investment in a subsidiary.

### **12. General and administrative expenses**

<i>In thousands of Kazakhstan Tenge</i>	<b>3 months ended 31 March 2016</b>	<b>3 months ended 31 March 2015</b>
Salary and related expenses	655 361	521 356
Consulting and other services	110 807	56 588
Rental expenses	88 379	87 773
Depreciation and amortization	85 570	74 570
Business travel expenses	23 166	29 113
Training of personnel and related expenses	9 959	15 153
Insurance	11 050	7 428
Taxes	79 593	64 306
Others	169 653	120,231
<b>Total general and administrative expenses</b>	<b>1 233 538</b>	<b>976 518</b>

**13. Finance income**

<i>In thousands of Kazakhstan Tenge</i>	<b>3 months ended 31 March 2016</b>	<b>3 months ended 31 March 2015</b>
Amortization of discount on loans granted	68 675	60 746
Interest income on bank deposits	425 373	337 528
Interest income on financial assistance granted	191 374	74 047
Interest income from bonds	886 781	639 612
Income from indexation value of bonds	2 736 343	-
Income from financial guarantee issued	91 732	-
Interest income on financial aid issued	95 199	-
Others	5 421	289 360
<b>Total finance income</b>	<b>4 500 898</b>	<b>1 401 293</b>

**14. Finance costs**

<i>In thousands of Kazakhstan Tenge</i>	<b>3 months ended 31 March 2016</b>	<b>3 months ended 31 March 2015</b>
Unwinding of the present value discount on loans	1 017 415	402 681
Interest expense on borrowings	1 093 389	2 654 345
Interest on bonds issued	1 655 656	816 354
Expenses from indexation value of bonds	2 365 625	-
Foreign exchange losses on financial assets and liabilities	1 022 177	1 010 815
Others	198,001	-
<b>Total finance costs</b>	<b>7 352 263</b>	<b>4 884 195</b>



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 Accounting» department – Chief  
 Accountant