



“Samruk-Energy” JSC

Condensed Separate Interim Financial Statement (unaudited)

30 September 2018

Content

SEPARATE FINANCIAL STATEMENTS

Condensed separate interim statement of financial position	1
Condensed separate interim statement of profit and loss and comprehensive income	2
Condensed separate interim statement of changes in equity	3
Condensed separate interim statement of cash flow	4

NOTES TO THE SEPARATE FINANCIAL STATEMENTS:

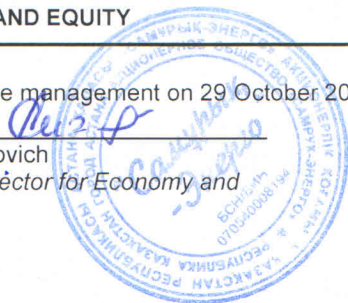
1 The Company and its operations	5
2 Basis of Preparation of financial statements and Significant Accounting Policies	5
3 Changes in Accounting Policies	6
4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies	12
5 Settlements and transactions with related parties	16
6 Investments in subsidiaries and joint ventures	18
7 Assets held for sale	18
8 Loans issued	19
9 Other non-current assets	20
10 Other current assets	20
11 Cash and cash equivalents	21
12 Share capital	21
13 Borrowings	21
14 Financial guarantees	24
15 Other payables and accrued liabilities	24
16 Obligation to the Shareholder	24
17 Dividend income	25
18 General administrative expenses	25
19 Other operating expenses	26
20 Other operating income	26
21 Finance income	26
22 Финансовые расходы	26
22 Finance costs	27
23 Income tax	27
25 Events after the reporting date	28


SAMRUK-ENERGY JSC
Condensed Separate Interim Statement of Financial Position

<i>In thousands of Kazakhstani tenge</i>	Note	30 September 2018 (unaudited)	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment		166,411	264,320
Intangible assets		1,646,760	935,329
Investments in subsidiaries and jointly-controlled entities	6	505,469,402	504,428,843
Loans issued	8	8,160,043	12,279,695
Other non-current assets	9	13,194,046	13,164,208
Total non-current assets		528,636,662	531,072,395
Current assets			
Inventories		25,429	27,293
Loans issued	8	76,261	355,993
Other current assets	10	6,176,796	12,823,443
Cash and cash equivalents	11	585,522	14,142,829
Non-current assets held for sale	7	15,980,276	15,810,776
Total current assets		22,844,284	43,160,334
TOTAL ASSETS		551,480,946	574,232,729
EQUITY			
Share capital	12	373,314,888	373,314,888
Other reserves		91,668,501	91,668,501
Retained loss		(84,615,339)	(78,576,191)
TOTAL EQUITY		380,368,050	386,407,198
LIABILITIES			
Non-current liabilities			
borrowings	13	154,601,731	173,504,049
Finance lease liability		405,010	-
Other non-current financial liabilities	14	2,530,527	2,262,892
Total non-current liabilities		157,537,268	175,766,941
Current liabilities			
borrowings	13	10,949,489	9,437,246
Other payables and accrued liabilities	15	1,264,155	1,354,331
Liabilities to the Shareholder	16	1,174,066	1,174,066
Finance lease liability		112,007	-
Other taxes payable		75,911	92,947
Total current liabilities		13,575,628	12,058,590
TOTAL LIABILITIES		171,112,896	187,825,531
TOTAL LIABILITIES AND EQUITY		551,480,946	574,232,729

Signed on behalf of the management on 29 October 2018

Aliyev Yerlan Zhenisovich
Acting Managing Director for Economy and Finance




Tulekova Saule Bekzadayevna
Head of Accounting and Tax accounting Department – Chief accountant

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

<i>In thousands of Kazakhstani tenge</i>	Note	9 months ended 30 September 2018 (unaudited)	9 months ended 30 September 2018 (unaudited)	3 months ended 30 September 2018 (unaudited)	3 months ended 30 September 2017 (unaudited)
Dividend income	17	15,116,472	20,494,415	1,270,450	4,766,205
Other income	20	2,362,029	384,445	10,032	262,084
Other expenses	19	(2,587,709)	(134,330)	(26,499)	(81,579)
General and administrative expenses	18	(4,372,031)	(4,800,865)	(1,365,485)	(1,326,500)
Profit from main activity		10,518,761	15,943,665	(111,502)	3,620,210
Finance income	21	2,449,227	4,285,741	783,435	1,296,192
Finance costs	22	(16,047,783)	(11,083,559)	(4,670,250)	(3,390,565)
Gains/(loss) from exchange rate differences, net		(363,627)	(2,162,851)	13,051	(6,674,843)
Profit/(loss) before income tax		(3,443,422)	6,982,996	(3,985,266)	(5,149,006)
Income tax expense	23	(33,460)	(119,036)	(2,639)	(38,894)
Profit/(loss) for the period		(3,476,882)	6,863,960	3,987,905	(5,187,900)
Total comprehensive income/(loss) for the period		(3,476,882)	6,863,960	3,987,905	(5,187,900)

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

In thousands of Kazakhstani Tenge	Note	Share capital	Other reserves	Retained earnings/ (Retained loss)	Total equity
Balance as at 1 January 2017		373,314,888	91,668,501	(49,725,062)	415,258,327
Income for the period (unaudited)		-	-	6,863,960	6,863,960
Total comprehensive income for the period (unaudited)		-	-	6,863,960	6,863,960
Dividends accrued		-	-	(4,704,895)	(4,704,895)
Balance as at 30 September 2017 (unaudited)		373,314,888	91,668,501	(47,565,997)	417,417,392
Balance as at 1 January 2018		373,314,888	91,668,501	(78,576,191)	386,407,198
Adjustment of opening balance (IFRS 9)	3	-	-	(521,266)	(521,266)
Recalculated balance on January 1, 2018		373,314,888	91,668,501	(79,097,457)	385,885,932
Profit for the period (unaudited)		-	-	(3,476,882)	(3,476,882)
Total comprehensive profit for the period (unaudited)		-	-	(3,476,882)	(3,476,882)
Dividends accrued	12	-	-	(2,041,000)	(2,041,000)
Balance at 30 September 2018 (unaudited)		373,314,888	91,668,501	(84,615,339)	380,368,050

SAMRUK-ENERGY JSC
Separate Statement of Cash Flows

		9 months ended 30.09.2018	9 months ended 30.09.2017
<i>(i) In thousands of Kazakhstani tenge</i>	Note		
Cash flows from operating activities::			
Cash proceeds, total		3,598,029	4,379,960
Interest received		1,188,951	3,296,523
Other proceeds		2,409,078	1,083,437
Cash outflow, total		(19,101,874)	(10,202,535)
Payments to suppliers for goods and services		(1,851,423)	(1,456,878)
Advances paid		(366,576)	(587,964)
Payments on wages		(1,413,350)	(1,425,770)
Repayment of interest on loans received		(7,422,140)	(2,345,460)
Repayment of interest on debt securities		(5,198,556)	(3,183,150)
Corporate income tax		(33,459)	(119,035)
Other payments to the budget		(256,339)	(250,972)
Other payments		(2,560,031)	(833,306)
Net cash used in operating activities		(15,503,845)	(5,822,575)
Cash flows from investment activities			
Cash proceeds, total		41,421,486	60,605,118
Dividends received		21,481,530	13,272,368
Proceeds from sale of subsidiaries		-	2,580,000
Proceeds from sale of equity stake in associated organizations		-	-
Return of bank deposits		12,358,009	9,219,733
Repayment of loans received		2,980,479	12,770,130
Proceeds from repayment of debt instruments by issuers		4,484,843	22,762,887
Other proceeds		116,625	-
Cash outflows, total		(16,561,903)	(17,699,920)
Acquisition of property, plant and equipment and intangible assets		(295,251)	(111,847)
Borrowings and financial aid provided to subsidiaries and jointly controlled entities		(3,058,402)	(12,780,290)
Acquisition of debt instruments		-	-
Acquisition of equity stake in associated organizations		-	-
Contribution to equity of subsidiaries		(720,525)	(1,724,925)
Placement of bank deposits,		(9,429,325)	(3,082,858)
Other payments		(3,058,400)	-
Net cash used in investment activities		24,859,583	42,905,198
Cash flows from financing activities			
Cash proceeds, total		27,368,000	94,991,691
Proceeds from shares issue		-	-
Obtaining of bank loans		27,368,000	46,907,000
Proceeds from issued bonds		-	48,084,691
Cash outflow, total		(49,920,127)	(36,283,169)
Repayment of loans from Samruk-Kazyna		(2,381,109)	(2,381,109)
Repayment of loans from banks and other organizations		(45,331,933)	(1,271,900)
Payment of dividends to shareholders		(2,041,000)	(4,704,895)
Payment of debt securities (bonds)		-	(27,273,272)
Other payments		(166,085)	(651,993)
Net cash flows (used in)/received from financial activities		(22,552,127)	58,708,522
Foreign exchange difference effect on cash and cash equivalents		(360,918)	1,320,900
Net (decrease)/increase in cash and cash equivalents		(13,557,307)	97,112,045
Cash and cash equivalents at the beginning of the year	11	14,142,829	4,812,476
Cash and cash equivalents at the end of the period	11	585,522	101,924,521

1 The Company and its operations

The Company was established on 18 April 2007 and registered on 10 May 2007. The Company was created as a joint-stock company in accordance with the Republic of Kazakhstan legislation.

The Company's sole shareholder is Samruk-Kazyna Sovereign Wealth Fund JSC ("Samruk-Kazyna"), which holds 100% shares of the Company. The Company's ultimate controlling owner is the Government of the Republic of Kazakhstan.

Principal activity

The Company is a holding company, uniting a number of companies (Note 7), which is engaged in production of electricity, heat 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 hydro and thermal power plants, and lease of hydro power plants' property.

Registered address and the place of business of the Company: The Republic of Kazakhstan, Astana c., 15 A, Kabanbay Batyr ave.

2. Basis of Preparation of financial statements and Significant Accounting Policies

Basis of preparation of financial statements

These separate condensed interim financial statements for the nine months ended 30 September 2017 were prepared in accordance with International Financial Reporting Standards (IFRS) 34 "Interim financial statements". This condensed separate interim financial report is subject to disclosure together with the Company's annual separate financial statements as of December 31, 2017 prepared in accordance with IFRS.

The adopted accounting policies are consistent with the policies of the previous financial year and the corresponding interim reporting period, except for the assessment of income tax and adoption of new and amended standards, as indicated below.

New Accounting Pronouncements

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

IFRS 15 "Revenue under contracts with customers" (as amended).

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

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

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

2 Basis of Preparation of the Financial Statements and Significant Accounting Policies (continued)

IFRS 9 Financial Instruments

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

Date of entry into force and transitional provisions

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

The main changes introduced by the standard

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

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

3 Changes in Accounting Policies

This note discloses new accounting policies applied from 1 January 2018, other than those applied in prior periods, and the impact of the transition to IFRS 9 "Financial Instruments" on the Company's condensed individual interim financial statements.

Financial instruments

(i) Classification of financial assets

Starting from January 1, 2018, the Company classifies its financial assets in the following evaluation categories:

- amortized cost;
- fair value through profit or loss;
- fair value through other comprehensive income.

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

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

Debt instruments that are retained for the collection of contractual cash flows, in cases where these cash flows represent solely payments to principal and interest, are measured at amortized cost. Interest income on these financial assets is calculated using the effective interest method and is recorded as "interest income" in the income statement. Impairment losses are recognized in accordance with the policy below and are recorded in the "impairment loss on financial assets".

3 Changes in accounting policy (continued)

(iii) *Debt instruments - Financial assets assessed at fair value, changes of which are presented in other comprehensive income*

Debt instruments that are retained for the collection of contractual cash flows and for sale when cash flows on assets represent solely payments to principal and interest are measured at fair value, the changes of which are recorded in other comprehensive income. Changes in the carrying amount are accepted through other comprehensive income, except for recognition of profit or loss, impairment losses, interest income, and foreign exchange gains and losses which are recognized in profit or loss. When a financial asset is derecognized, a cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (loss). Interest income from these financial assets is included in "interest income" using the effective interest rate method. Impairment losses are recognized in accordance with the policy referred to in paragraph (v) of this note and are recorded in the "impairment loss on financial assets".

(iv) *Debt instruments - Financial assets assessed at fair value, changes of which are indicated in profit or loss*

Debt instruments that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value, the changes of which are recognized in profit or loss.

The gain or loss arising from the assessment of the fair value of a debt instrument is recognized in profit or loss and is recognized on a net basis in the P&L statement as part of "gains / losses on the revaluation of the fair value of financial instruments" in the period in which they arise other than interest income, which is calculated using the effective interest rate method and is included in the "interest income".

(v) *Impairment of financial assets measured at amortized cost or at fair value through profit or loss is recognized in other comprehensive income*

The Company estimates, on a projected basis, the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income, irrespective of whether there is any indication of impairment. For short-term trade receivables without a significant financing component, the Company applies the simplified approach required by IFRS 9 and estimates the provision for losses on expected credit losses during the loan period from initial recognition of receivables. The Company uses a reserve matrix in which provisions for losses are calculated based on trade receivables relating to different maturities or arrears. To assess the expected credit losses, trade receivables are grouped based on credit risk characteristics, i.e. accounts receivable from customers - individuals and accounts receivable from corporate clients. The analysis of irrecoverance is carried out for the last 2-3 years to determine the overall rate of delay in payment. Levels of defaults are calculated for each interval of 30 days between 30 and 360 days. To determine the level of default for a certain debt interval, the Company uses a "migration matrix". The method involves the analysis of each account balance and calculates the interest rate of the receivable that goes to the next interval or the overdue category. Based on mathematical operations, the default rates are determined at the date of origination of the receivable and for each subsequent period between the overdue payments.

The Company adheres to the three-stage model of impairment of balances, excluding trade receivables:

- *Stage 1 - balances for which the credit risk has not materially increased since the initial recognition. The expected credit losses are determined on the basis of the probability of default during*

12 months (ie the whole expected credit loss multiplied by the probability of loss for the next 12 months),

- *Stage 2 - includes balances for which there has been a significant increase in credit risk since initial recognition but for which there is no objective evidence of impairment; The expected credit losses are determined on the basis of the probability of default during the whole contract period (validity period),*

- *Stage 3 - includes balances with objective evidence of impairment.*

3 Changes in accounting policy (continued)

Trade receivables are classified either as part of Phase 2, or Phase 3:

- Stage 2 - includes accounts receivable, where a simplified approach to the assessment of expected credit losses during the loan period was applied, except for certain trade receivables classified in step 3,
- Step 3 - includes accounts receivable that are overdue more than 90 days or individually identified as impaired.

The Company considers the following indicators to assess the significant increase in credit risk for a loan:

- the loan is overdue for at least 30 days;
- Legislative, technological or macroeconomic changes took place with a significant negative impact on the borrower;
- there is information about significant adverse events in relation to a loan or other loans of the same borrower with other creditors, such as cancellation of loans, violation of contracts, revision of contracts in connection with financial difficulties, etc .;
- the borrower loses a significant customer or supplier, or experiences other significant negative changes in its market.

Financial assets are written off in full or in part, when the Company has almost exhausted all measures to repay the debt and concluded that there is not sufficient reason to expect the debt to be repaid. This usually occurs when the asset is overdue for more than 360 days.

(vi) Change in financial liabilities

The gain or loss arising from a change in the contractual terms of financial liability that does not result in the termination of recognition of an existing liability is recognized immediately in profit or loss. The gain or loss is calculated as the difference between the present value of changed and the original cash flows, discounted using the initial effective interest rate of the obligation.

The impact of IFRS 9 on the Company's financial statements is general information

The company decided to adopt the standard as of January 1, 2018 without recalculating comparative figures. This means that the data submitted for 2017 and 2018 are incomparable. Adjustments relating to the application of IFRS 9 were recognized on 1 January 2018, reflecting the related consequences in equity. As at the date of these interim financial statements, the Company has completed the implementation of IFRS 9 and does not expect any further changes in the impact assessment described below.

3 Changes in accounting policy (continued)

Comparison of financial assets and liabilities in accordance with IAS 39 and IFRS 9 as of January 1, 2018:

<i>In thousands of Kazakhstani Tenge</i>	IFRS (IAS) 39	IFRS 9	Effect on retained earnings
	Amortized cost	Amortized cost	Expected credit losses
Loans issued			
Gross carrying amount	13,615,879	13,615,879	-
Provision	(980,191)	(1,041,082)	(60,891)
Other financial receivables			
Gross carrying amount	13,417,349	13,417,349	-
Provision	(151,510)	(381,825)	(230,315)
Cash and cash equivalents			
Gross carrying amount	14,142,829	14,142,829	-
Provision	-	(62,372)	(62,372)
Short-term deposits			
Gross carrying amount	3,037,304	3,037,304	-
Provision	-	(37,898)	(37,898)
Debt of subsidiaries under issued guarantee			
Gross carrying amount	1,378,374	1,378,374	-
Provision	-	(4,647)	(4,647)
Dividends receivable			
Gross carrying amount	6,380,082	6,380,082	-
Provision	-	(3,834)	(3,834)
Total	50,840,116	50,440,159	(399,957)
Loans received	(182,941,295)	(183,062,604)	(121,309)
Total	(182,941,295)	(183,062,604)	(121,309)

Detailed description of adjustments and additional information

(a) Determination of the provision using the model of expected credit losses and related adjustments

Previous accounting policies and information on credit risk are presented in Notes 22 to the financial statements for the year ended December 31, 2017. The previous methodology for determining the allowance for losses required the Company to assess the existence of fair evidence of impairment and (if any) to estimate the allowance for losses based on expected cash flows. When adopting IFRS 9, new policies were applied, and the allowance for impairment was calculated using the expected loss model. The Company also estimated provisions for possible losses on cash balances held in banks, based on the probability of default on their contractual terms, which are less than 3 months. Probabilities of default were established on the basis of external credit ratings of relevant banks and publicly available default data from rating agencies.

3 Changes in accounting policy (continued)

Effect of deferred tax adjustments

The Company did not recognize deferred tax on the adjustments discussed above, as the Company does not plan to receive taxable income in the foreseeable future, other than income that is subject to income tax at the source of payment.

Financial assets – classification and evaluation

The Company owns the following financial assets:

<i>In thousands of Kazakhstani tenge</i>	IFRS 9 30 September 2018	IFRS 9 1 January 2018	IFRS 39 31 December 2017
Cash and cash equivalents	585,522	14,080,457	14,142,829
Short-term deposits	92,238	2,999,406	3,037,304
Dividends receivable	398	6,376,248	6,380,082
Other financial receivables	16,111,674	13,187,034	13,417,349
Debt of subsidiaries under issued guarantee	1,513,619	1,373,727	1,378,374
Loans issued	8,236,304	12,574,797	12,635,688
Employees debt	114,520	95,053	95,053
Total financial assets	26,654,275	50,686,722	51,086,679

Financial assets are classified in each of the valuation categories in accordance with the accounting policies described above.

Financial liabilities - classification and evaluation

<i>In thousands of Kazakhstani tenge</i>	IFRS 9 30 September 2018	IFRS 9 1 January 2018	IFRS 39 31 December 2017
Loans	165,551,220	183,062,604	182,941,295
Long-term financial liabilities	2,530,527	2,262,892	2,262,892
Financial accounts payable	1,074,543	698,024	698,024
Total financial liabilities	169,156,290	186,023,520	185,902,211

3 Changes in accounting policy (continued)

The stages of impairment

The Company applies a three-stage model for impairment of financial assets which are measured at amortized cost as of September 30, 2018 and January 1, 2018, as explained in the accounting policy. Previous accounting policies and information on credit risk are disclosed in Notes 2 and 22 of the financial statements for the year ended December 31, 2017.

The classification of financial assets measured at amortized cost for the individual stages of the impairment models is presented below:

In thousands of Kazakhstani tenge	IFRS 9 30 September 2018				IFRS 9 1 January 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount								
Financial accounts receivable	13,818,251	2,941,775	-	16,760,026	13,568,859	-	-	13,568,859
Cash and cash equivalents	585,653	-	-	585,653	14,089,210	-	53,619	14,142,829
Dividends receivable	398	-	-	398	6,380,082	-	-	6,380,082
Bonds (loans issued)	9,330,404	-	-	9,330,404	13,615,879	-	-	13,615,879
Deposits with fixed terms	93,046	-	-	93,046	3,037,304	-	-	3,037,304
Long-term accounts receivable	1,633,259	-	-	1,633,259	1,473,427	-	-	1,473,427
Total financial assets	25,461,011	2,941,775	0	28,402,786	52,164,761	-	53,619	52,218,380
Provisions for losses (IFRS 9)								
Financial accounts receivable	-393,668	-254,684	-	-648,352	(381,825)	-	-	(381,825)
Cash and cash equivalents	-131	-	-	-131	(8,753)	-	(53,619)	(62,372)
Dividends receivable	-	-	-	-	(3,834)	-	-	(3,834)
Bonds (loans issued)	-1,094,100	-	-	-1,094,100	(1,041,082)	-	-	(1,041,082)
Deposits with fixed terms	-808	-	-	-808	(37,898)	-	-	(37,898)
Long-term accounts receivable	-5,121	-	-	-5,121	(4,647)	-	-	(4,647)
Total provisions	-1,493,828	-254,684	0	-1,748,512	(1,478,039)	-	(53,619)	(1,531,658)
Carrying value (IFRS 9)	23,967,183	2,687,091	0	26,654,274	50,686,722	-	-	50,686,722

3 Changes in accounting policy (continued)

Changes in allowance for impairment in respect of financial assets measured at amortized cost

The provision for losses on financial receivables, loans to customers, cash and cash equivalents and other financial assets as of September 30, 2018 is consistent with the provision for losses at the beginning of the period as follows:

<i>In thousands of Kazakhstani Tenge</i>	Financial receivables	Loans issued	Cash and cash equivalents	Other financial assets	Total
As of December 31, 2017 - calculated according to IAS 39	(151,510)	(980,191)	-	-	(1,131,701)
Amounts recognized through retained earnings at the beginning of the period at initial introduction of IFRS	(230,315)	(60,891)	(62,372)	(46,379)	(399,957)
Provision for losses at the beginning of the period as of January 1, 2018 - calculated in accordance with IFRS 9	(381,825)	(1,041,082)	(62,372)	(46,379)	(1,531,658)
Provision for losses recognized in profit or loss	(266,527)	(90,839)	(2,179,570)	(27,746)	(2,564,682)
Recovery of allowance for impairment	-	37,821	2,241,811	68,196	2,347,828
The balance at the end of the period in accordance with IFRS 9	(648,352)	(1,094,100)	(131)	(5,929)	(1,748,512)

Calculation of impairment losses in respect of financial receivables and loans issued

The allowance for losses on other financial receivables and loans granted, measured at amortized cost, is determined using the expected credit losses in accordance with the three-stage model. The Company did not recognize any provision for losses on other financial receivables (Note 10) in accordance with IAS 39, as this debt was serviced without delay. For the purposes of introducing IFRS 9, a separate analysis of each loan and other financial receivables was made in order to refer to one of three stages. The probability of default (12 months or the duration of the loan - depending on the classification according to stages 1 or 2) was then determined based on the individual loan rating and other receivables and market data. The expected credit loss was then calculated on the basis of probability of default, repayment schedule in the loan agreement and evaluation of recoveries from collateral. The provision for losses for the amount of KZT 399,957 thousand reduced the retained loss as of January 1, 2018. As of September 30, 2018, the provision for losses is KZT 1,748, 512 thousand.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

While preparing the condensed separate interim financial statements, the Company uses estimates and makes assumptions that affect the applicable 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 31 December 2017.

Going concern principle

Management has prepared these condensed separate interim financial statements on a going concern basis. Management decision is based on the financial position of the Company, its current intentions, profitability of operations and access to financial resources. As of 30 September 2018 total current liabilities of the Company exceeded total current assets by 6,711,619 thousands tenge. The growth of short-term liabilities is due to approaching maturity of loans.

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

The following factors were considered when assessing the ability of Samruk-Energy to continue its operations in the foreseeable future:

- The company is of strategic importance for ensuring the reliability of Kazakhstan's energy system.
- The company expects more than 11,000,000 thousand tenge from selling of assets held for sale in 2018.
- As of September 30, 2018, the Company has available funds within revolving credit lines for a total amount of KZT 16,300,000 thousand.
- The management of the Company believes that the issue related to the Put Option relating to BTPP shares described later in this Note, will not affect the ability of the Company to continue its operations continuously. The Government of the Republic of Kazakhstan is negotiating issues related to exit of Samsung C & T from the Project, including the requirements of Samsung C & T for Option to sell its shares. At the moment negotiations between the Group and Samsung C & T regarding the Put Option are not held. Currently, the Government of the Republic of Kazakhstan and Samsung C & T are in the active phase of negotiation process.

This condensed separate interim financial report does not include any adjustments to the carrying amount of assets and liabilities, income and expenses, and classification of condensed separate interim financial statement that would be necessary if the Group was unable to continue its operations. Such adjustments could be material.

Impairment of non-financial assets

At each reporting date management assesses whether there is any indication of impairment of separate assets or groups of assets, and whether there is any indication that an impairment loss recognised in prior periods for separate assets or groups of assets other than goodwill may no longer exist or may have decreased. If such indications exist, management estimates the recoverable amount of an asset, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The calculation of value in use requires the application of the management's estimates and judgments, which are deemed appropriate under the current circumstances.

Determining the presence of 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 Company that occurred during the period or are expected in the near future in the technological, market, economic or legal environment in which the Company operates or in the market for which the asset is used.

In assessing the recoverable amount of assets the Company 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 of 30 June 2018, the Company conducted a test for impairment of investments in "Alatau Zharyk Company" JSC (the "AZhC"), "Almaty Power Plants" JSC (the "APP"), Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP (the "ESDPP-1") and "Ekibastuz SDPP-2 Plant" JSC (the "SDPP-2"). These entities are the most sensitive to economic changes and are significant subsidiaries of the Company.

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

Based on the results of the analysis as of Sep 30, 2018, the management did not identify any indicators of impairment of investments in AZhC, APP, ESDPP-1 and ESDPP-2. The main facts and assumptions used in the analysis of indicators are:

- Increase in sales of electricity and heat by the results of the period ending June 30, 2018 compared to last year's period;
- Increase in tariffs for heat energy based on the results of the period ending June 30, 2018 compared with last year's period;
- Positive dynamics in the production and consumption of electricity;
- Expected growth in the medium-term outlook for electricity production deficit in the southern zone of the Republic of Kazakhstan where AZhC and APP operate.

As of September 30, 2018, results of the analysis remain valid.

Balkhash TPP

The project "Construction of Balkhash TPP" (hereinafter - the Project) is implemented within the framework of 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, engineering, construction, operation and maintenance of the power plant.

The shareholders of Balkhash TPP (hereinafter - "BTPP") are Samsung C & T Corporation (hereinafter - "Samsung C & T Corporation") and the Company whose participation interest is 50% + 1 share and 50% - 1 share, respectively, as of December 31, 2017 of the year. BTPP was founded in 2008 as a joint-stock company. The contract for engineering, procurement and construction of 1320 MW Balkhash thermal power plant (hereinafter the "EPC") between "BTPP" JSC and consortium Samsung Engineering Ltd and Samsung C & T (the "Consortium") was signed in June 2012.

According to the plans, the profitability of the project was secured through a long-term contract concluded on September 19, 2014 for the purchase of services to maintain the availability of capacity of generating units newly commissioned (hereinafter referred to as "CMA") between BTPP and KEGOC JSC (electricity grids operating company and national operator of the unified power system of the Republic of Kazakhstan), at the same time, tariffs are set in US dollars.

On February 14, 2012, the Company and Samsung C & T entered into an "Option Agreement for shares of "Balkhash TPP" JSC ("Option Agreement"). In accordance with this agreement, Samsung C & T has an option to sell the shares of BTPP ("Option for the sale of shares"), which implies that Samsung C & T has the right to exercise the put option in the event that the relevant conditions of the Options Agreement concerning the ratification of the Intergovernmental Agreement, laws that ensure the possibility of concluding CMA, as well as the timely conclusion of CMA and provision of guarantees with conditions sufficient to attract project financing will not be met. According to the requirements of Option Agreement, the option price is equal to the total amount paid by Samsung C & T for the purchase of BTPP shares, capital investments and debt amount from Samsung C & T loans, minus dividends and other payments received by Samsung C & T for shares held.


Until August 2016, the Company and Samsung C & T repeatedly extended the Shares Put Option.

In order to arrange loan financing, the potential lenders of the project required to protect the rights and interests of investors in accordance with international practice of project financing.

Due to the lack of an agreed version of the project support package, on August 31, 2016, Samsung C & T sent a notice to the Company about the enforcement of Shares Put Option in accordance with the Option Agreement, at the same time estimating the invested amount of 192 million US dollars.

Also, due to lack of funding for the Project, on August 31, 2016, the Consortium sent a notification to the BTPP about termination of EPC contract.

After receiving notification from Samsung C & T, the Company and the Government of the Republic of Kazakhstan took a number of measures to resolve the matter from October 2016 to the present.

Taking into account the strategic importance of the Project for ensuring the reliability of the power system in Southern Kazakhstan, the Government of the Republic of Kazakhstan approved the continuation of negotiations with Samsung C & T. 

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

In particular, the Government of the Republic of Kazakhstan and state bodies of the Republic of Kazakhstan held a number of meetings to discuss issues of further implementation of the Project, including those involving Samsung C & T. The parties agreed that, in accordance with the established procedure, a Letter of Support from the Government will be organized with conditions acceptable for the financing of the project.

On February 28, 2017, as a result of negotiations on the continuation of the project, the Consortium withdrew its notice of termination of the EPC contract.

However, since the Letter of Support from the Kazakh side was not issued on time, April 29, 2017, Samsung Engineering Co. Ltd notified the BTPP that the withdrawal of the notice of termination of the EPC contract of February 28, 2017 is no longer effective.

All works on construction of the power plant have been suspended. On September 29, 2017, the Consortium sent the final payment request to BTPP in connection with the termination of the EPC contract. The amount of the final claim was 108,860 thousand US dollars. Further, in its letter of November 30, 2017, the Consortium notifies the BTPP that, due to non-receipt of a response from BTPP with confirmation of the intention to accept the manufactured equipment within the agreed timeframe, the Consortium instructed Dongfang Electric Corporation Limited and Siemens AG ("Subcontractors") dispose of the equipment at the manufacturer's factory in order to avoid additional costs.

The Company concluded that the above events are indicative of the impairment of the Company's investment in the BTPP in accordance with IAS 36 Impairment of Assets. Accordingly, as of December 31, 2017, the Company recognized an impairment loss on investments in the power plant in the amount of KZT 32,085,280 thousand.

The Government of the Republic of Kazakhstan is negotiating issues related to exit of Samsung C & T from the Project, including the requirements of Samsung C & T for Shares Put Option. Any negotiations between the Company and Samsung C & T regarding the Put Option are not currently conducted. Currently, the Government of the Republic of Kazakhstan and Samsung C & T are in the active phase of the negotiation process. Taking into account the position of the Government of the Republic of Kazakhstan and the current status of the negotiations, the Company believes that the probability of an outflow of significant economic resources in relation to Shares Put Option is not high. Therefore, in the separate financial statements as of and for the nine months ended September 30, 2018, the Company did not create any provision with respect to the option presented by Samsung C & T.

At the same time, the management of the Company notes the uncertainty regarding the agreement, which can be achieved as a result of the above-mentioned negotiations and settlement. In case the parties do not reach an agreement, the risk that Samsung C & T will decide to initiate a dispute in the courts against the Company remains. If this happens, the Company will resolutely defend its position. The Company's management believes that Samsung C & T had no right to enforce the option and that there is a good line of defense against the claim, including as a result of the inability of the opposing party to justify that the claim meets the contractual conditions.

Exchange Rates

As of September 30, 2018, the official exchange rate used to recalculate balances denominated in foreign currency was KZT 363.07 per US dollar (December 31, 2017: KZT 332.33 per 1 US dollar) and 5.52 tenge per 1 Russian ruble (December 31, 2017: 5.77 tenge per 1 Russian ruble). Currently, the tenge is not a freely convertible currency outside the Republic of Kazakhstan.

5 Settlements 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 in compliance 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 etc.

The nature of relations with those related parties with whom the Group entered into transactions or had balances outstanding at 30 September 2018 and 31 December 2017 is detailed below

The outstanding balances with related parties as at 30 September 2018 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Note	Shareholder	Companies under common control	Subsidiaries and joint ventures
Loans issued to subsidiaries		-	-	5,675,862
Other asset in favor of the Shareholder	11	1,184,095	-	-
Other non-current assets	10	-	-	1,513,619
Interest receivable on loans issued		-	-	894,397
Dividends receivable	11	-	-	398
Finance lease liability		517,017	-	-
Other accounts payable and accrued liabilities		-	22,871	275,057
Liability to the Shareholder	17	1,174,065	-	-
Borrowings	14	61,106,713	-	28,152,056

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

<i>In thousands of Kazakhstani Tenge</i>	Note	Shareholder	Companies under common control	Subsidiaries and joint ventures
Loan issued to subsidiaries	9	-	-	5,578,277
Accounts receivable		-	-	31,329
Other asset in favor of the Shareholder	11	1,387,077	-	-
Other non-current assets	10	-	-	1,378,374
Interest receivable on loans issued	9	-	-	695,834
Dividends receivable	11	-	-	6,380,082
Bonds	9	-	-	4,734,457
Other accounts payable and accrued liabilities	16	-	-	263,858
Receivables		-	3,117	-
Liability to the Shareholder	17	1,174,066	-	-
Borrowings	14	59,959,841	-	28,165,278

5 Settlements and transactions with related parties (continued)

The income and expense items with related parties for nine months ended 30 September 2018 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Shareholder	Companies under common control	Subsidiaries and joint ventures
Dividend income	-	-	15,116,472
Finance income	-	-	1,276,246
Finance costs	(4,573,539)	-	(2,618,175)
The costs of impairment of financial instruments (net)	-	-	(73,850)
General and administrative expenses	-	(75,470)	(501,191)
Foreign exchange gains/(losses)-net	-	-	(14,617)

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

<i>In thousands of Kazakhstani Tenge</i>	Shareholder	Companies under common control	Subsidiaries and joint ventures
Dividend income	-	-	20,494,415
Finance income	9,467	-	3,368,918
Finance costs	3,994,259	-	667,277
General and administrative expenses	-	33,356	357,090
Foreign exchange gains/(losses)-net	-	-	77,810

Key executive staff remuneration for nine months ended 30 September 2018 including salaries, bonuses and other short-term benefits to employees is 79,554 thousand tenge (for the period ended 30 September 2017: 265,245 thousand tenge). Key executive staff at 30 September 2018 consists of 5 persons (as at 30 September 2017: 10 people).

6 Investments in subsidiaries and joint ventures

The information on the value of investments as of September 30, 2018 and December 31, 2017 is presented below:

<i>In thousands of Kazakhstani Tenge</i>	Date of acquisition	Country of registration	Investment amount as at 30 September 2018	Ownership percentage as at 30 September 2018	Investment amount as at 31 December 2017	Ownership percentage as at 31 December 2017
<i>a) Investments in subsidiaries</i>						
"Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP	31.10.2012	Kazakhstan	338,272,063	100%	338,272,063	100%
"Alatau Zharyk Company" JSC	29.07.2009	Kazakhstan	53,047,487	84%	52,709,818	83.56%
"Almaty Power Plants" JSC	26.07.2011	Kazakhstan	30,386,653	100%	30,386,653	100%
"Moynak HPP" JSC	04.01.2008	Kazakhstan	21,864,616	100%	21,864,616	100%
"First Wind Power Plant" LLP	28.05.2016	Kazakhstan	8,834,141	100%	8,834,141	100%
"Samruk-Green Energy" LLP	13.06.2012	Kazakhstan	2,828,342	100%	2,739,386	100%
"Shulbinsk HPP" JSC	04.01.2008	Kazakhstan	1,230,658	92,14%	1,230,658	92,14%
"Bukhtarminsk HPP" JSC	04.01.2008	Kazakhstan	1,050,790	100%	1,050,790	90%
"Shardarinsk HPP" JSC	03.06.2011	Kazakhstan	2,765,532	100%	2,275,999	100%
"Ust-Kamenogorsk HPP" JSC	04.01.2008	Kazakhstan	465,019	89.99%	465,019	89.99%
"Ereymentau Wind Power" LLP	28.05.2016	Kazakhstan	1,631,842	100%	1,522,677	100%
"AlmatyErgoSbyt" LLP	26.07.2011	Kazakhstan	136,003	100%	136,003	100%
"Kazhydrotechenergo" LLP	31.03.2014	Kazakhstan	237,742	100%	222,506	100%
"Energia Semirechya" LLP	28.05.2016	Kazakhstan	15,319	51%	15,319	51%
"Energy Solutions Center" LLP (previously "Kapshagay HPP" LLP)	16.03.2017	Kazakhstan	52,999	51%	52,999	100%
<i>b) Investments in joint ventures</i>						
Forum Muider B.V.	23.12.2008	The Netherlands	41,759,543	50%	41,759,543	50%
"Ekibastuz SDPP-2 Plant" JSC »	04.01.2008	Kazakhstan	8,725,133	50%	8,725,133	50%
<i>c) Investments in associated companies</i>						
"Balkhash TPP" JSC	24.06.2008	Kazakhstan	32,085,280	49.99%	32,085,280	49.99%
<i>Less:</i>						
Investment impairment			(39,919,760)		(39,919,760)	
Total investments			505,469,402		504,428,843	

During six months of 2017, the Company invested 109,164 thousand tenge in "Ereymentau Wind Power" LLP and 88,956 thousand tenge in "Samruk-Green Energy" LLP to replenish the working capital.

7 Assets held for sale

On November 23, 2016, the Board of Directors approved the conditions for sale of a number of subsidiaries in accordance with the Government Decree on assets privatization. As of September 30, 2018, the Company's investments in "Tegis Munay" LLP were included in long-term assets held for sale.

<i>In thousands of Kazakhstani tenge</i>	30 September 2018	31 December 2017
Investments in "Tegis Munay" LLP	15,980,276	15,810,776
Total assets held for sale	15,980,276	15,810,776

During the six months of 2018, the Company invested 169,500 thousand tenge in "Tegis Munay" LLP to replenish the working capital of a subsidiary.

8 Loans issued

<i>In thousands of Kazakhstani tenge</i>	30 September 2018	31 December 2017
<i>Non-current portion</i>		
“Alatau Zharyk Company” bonds	-	4,463,486
The loan issued to “Alatau Zharyk Company” JSC	4,256,222	3,991,664
The loan issued to “First Wind Power Plant” LLP	1,474,893	1,496,614
Bonds of “MDPGC” JSC	1,210,423	1,205,007
Interest accrued on “FWPP” LLP loan	826,515	634,545
Bonds of “Special financial company DSFK” LLP	423,163	488,379
Less: impairment allowance	(31,173)	-
Total loans issued – non-current portion	8,160,043	12,279,695
<i>Current portion</i>		
Interest on bonds	49,039	294,704
Loan issued to “Energiya Semirechya” LLP	609,133	596,349
Loan issued to “Balkhash TPP” JSC	377,301	343,316
Interest accrued on loans issued	67,883	65,983
Financial assistance rendered to “Ust-Kamenogorsk HPP” JSC	30,390	30,390
Loans granted to “Zhambyl SDPP named after T.I. Baturov” JSC	5,442	5,442
Less: impairment allowance	(1,062,927)	(980,191)
Total loans issued – current portion	76,261	355,993

The loan issued to “Alatau Zharyk Company” JSC

On January 31, 2011, the Company issued a KZT 7,000,000 thousand loan to “Alatau Zharyk Company” JSC for construction and reconstruction of substations and other facilities. Loan maturity -January 21, 2024, the interest rate was 2% per annum payable quarterly.

The amount outstanding as of September 30, 2018 was KZT 4,256,222 thousand (December 31, 2017: 3,991,664 thousand tenge). The carrying value of the loan is the present value of future cash flows discounted at a rate of 12.5%. The difference between the fair value of the loan at the date of initial recognition and its face value of KZT 2,836,144 thousand, minus income tax, was recognized as an additional investment in AZHC.

Loan issued to “The First Wind Power Plant” LLP

In 2016, the Company issued loans to “FWPP” LLP in the amount of 1,828,288 thousand tenge to repay the loan from Eurasian Development Bank. The fixed interest rate is set at 14%. Repayment of the principal amount and payment of interest is at the end of the loan term.

AlmatyEnergoSbyt LLP

On March 19, 2018, financial assistance was provided to AlmatyEnergoSbyt LLP for 12 months in the amount of KZT 2,980,478 thousand using the funds of Samruk-Energy JSC at Qazaq Banki JSC. The purpose is to make advance payments to Karaganda Energocenter LLP under a contract for the purchase and sale of electricity dated March 16, 2018 between AlmatyEnergoSbyt and Karaganda Energocenter. As of September 30, 2018, financial assistance was repaid by AlmatyEnergoSbyt in full.

9 Other non-current assets

<i>In thousands of Kazakhstani tenge</i>	30 September 2018	31 December 2017
Accounts receivable	11,818,443	11,690,781
Debt under provided financial guarantee of "First Wind Power Plant" LLP	1,518,739	1,378,374
Other non-current assets	104,143	95,053
Less: allowance for impairment	(247,279)	-
Total other non-current assets	13,194,046	13,164,208

10 Other current assets

<i>In thousands of Kazakhstani tenge</i>	30 September 2018	31 December 2017
Short-term deposits	93,046	3,037,304
Dividends receivable	398	6,380,082
Accounts receivable	4,941,583	1,878,078
Less: allowance for impairment	(407,002)	(151,510)
Total financial current assets	4,628,025	11,143,954
Asset held for the benefit of the Shareholder (Note 17)	1,184,095	1,387,077
Advances paid	44,512	130,470
Others	320,164	161,942
Total other current assets	6,176,796	12,823,443

Receivables

As of September 30, 2018, accounts receivable in the amount of 4,941,583 thousand tenge mainly include short-term debt amounting to 1,848,260 thousand tenge of customers of subsidiaries that were sold during 2017 as well as accounts receivable of "Tauba Invest" LLP in the amount of 2,941,775 thousand tenge. In March 2018, the Company noted indicators of impairment of cash on checking accounts at "QazaqBank" JSC due to deterioration of the bank's financial position. In accordance with the agreement on mutual settlements dated March 16, 2018, concluded between "Samruk-Energy" JSC, "Tauba Invest" LLP and "QazaqBank" JSC, the Company's cash in

"QazaqBank" was converted into accounts receivable of "Tauba Invest" LLP in the amount of 3,058,400 thousand tenge maturing by December 31, 2018. Receivables of "Tauba Invest" LLP is secured by a real estate pledge agreement dated April 26, 2018.

Assets intended for the benefit of the Shareholder

As instructed by the Shareholder, the Company undertook to build a kindergarten in Astana in the amount of 1,174,065 thousand tenge. The Company recognized the obligation to the estimated construction cost of KZT 1,174,065 thousand as other distributions in favor of the shareholder. As of September 30, 2018, the Company incurred expenses related to the construction of a kindergarten in the amount of 1,184,095 thousand tenge. These actually incurred expenses are presented as current assets intended for the benefit of the Shareholder, as it is expected that these assets will be transferred to the Shareholder by the end of 2018 by distributing the income to the benefit of the Shareholder in accordance with its decision.

SAMRUK-ENERGY JSC
Notes to Condensed Separate Interim Financial Statement – 30 September 2018

11 Cash and cash equivalents

<i>In thousands of Kazakhstani tenge</i>	30 September 2018	31 December 2017
Cash on bank accounts – Tenge	480,335	6,151,677
Cash on bank account – Euro	3,088	2,594
Cash on bank accounts – US Dollars	298	7,976,305
Cash on hand	1,932	2,253
Cash on fixed-term deposits up to 3 months – KZT	100,000	10,000
Minus: allowance for impairment	(131)	-
Total cash and cash equivalents	585,522	14,142,829

12 Share capital

<i>In thousands of Kazakhstani Tenge</i>	Number of authorized and issued shares	Share capital
Paid-in capital at 1 January 2017	5,601,687	373,314,888
Paid-in capital at 31 December 2017	5,601,687	373,314,888
Paid-in capital at 30 September 2018	5,601,687	373,314,888

At 30 September 2018, 5,601,687 issued ordinary shares were fully paid (as of 31 December 2017: 5,601,687 shares)

Each ordinary share gives a right of one vote. The Company does not have preference shares.

The Company declared dividends of 2,041, 000 thousand tenge on September 15, 2018 (2017: 4, 704, 895 thousand tenge). As of 30 September 2018, dividends have been paid in full.

13 Borrowings

<i>In thousands of Kazakhstani tenge</i>	30 September 2018	31 December 2017
Non-current portion		
Borrowings from Samruk-Kazyna	58,376,826	57,350,979
Long-term bank loans	48,290,452	68,231,270
Bonds	47,934,453	47,921,800
Total borrowings – non-current portion	154,601,731	173,504,049
Current portion		
Borrowings from Samruk-Kazyna	2,381,109	2,381,109
Interest accrued – borrowings from Samruk-Kazyna	348,779	227,753
Interest accrued – bank loans	550,866	738,662
Interest accrued – bonds	426,500	1,089,722
Short-term bank loans	7,242,235	5,000,000
Total current portion	10,949,489	9,437,246
Total borrowings	165,551,220	182,941,295

14 Borrowings (continued)

<i>In thousands of Kazakhstani Tenge</i>	Effective interest rate, %	30 September 2018	31 December 2017
Samruk-Kazyna	12,8 % per annum	61,106,713	59,959,841
Bonds	12,128 % per annum	48,360,953	49,011,522
European Bank for Reconstruction and Development	7,91 % per annum	31,615,930	39,022,498
Halyk Bank	11,87 % per annum	22,364,736	24,767,434
Sberbank	10,50 % per annum	2,102,888	-
Kazkommertsbank	12,7 % per annum	-	10,180,000
Total Samruk-Energy		165,551,220	182,941,295

Samruk-Kazyna

On March 17, 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 with maturity not later than September 15, 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 15th of March 2018 the Company repaid the loan from “Samruk-Kazyna” JSC in the amount of 2,381,109 thousand tenge and accumulated interest.

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

On January 16, 2014, the Company signed a loan agreement with Samruk-Kazyna for KZT 200,000,000 thousand for acquisition of the remaining interest in ESDPP-1. The principal is repayable on December 1, 2028, and interest is paid by semi-annual installments at the rate of 7.8%.

On 3 October 2014, the loan agreement was changed significantly according to addendum # 1 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

On December 25, 2015 the loan agreement was changed significantly in accordance with addendum # 2 to the loan agreement No. 369-I., the interest rate was reduced up to 1% per annum. Management estimated that a reduction in the interest rate to a non-market rate of 1%, as well as a change in the priority of the loan to a subordinated loan, represent a significant change in the terms of the loan. Management believes that such a change in the conditions of the loan should be considered as a repayment of the original loan and recognition of a new loan at a fair value. The market rate at the date of the loan receipt was 12.8% per annum. The Company recognized income from initial recognition of the loan of KZT 72,581,903 thousand within other capital, since management believes that when issuing a loan at the rate lower than the market one Samruk-Kazyna acted as a shareholder of the Company. Profit from initial recognition of the loan received was recorded as a difference between the nominal value of the loan received and its fair value at the date of recognition, calculated using the discounted cash flow method and effective interest rate of 12.8% per annum.

European Bank for Reconstruction and Development

In December 2016, the Company opened a non-revolving credit line for 100 million Euros to refinance Eurobonds. In September 2017, the Company received two tranches for a total of 39,114,450 thousand tenge within this credit line. The interest rate is 3.5% and 4.5% per annum, plus the margin set by the bank on a quarterly basis, and is payable twice a year. The principal is payable twice a year and at the end of the term.

14 Borrowings (continued)

During nine months of 2018 the Company partially repaid the principal under the EBRD loan in the amount of 7,463,933 thousand tenge and interest of 3,302,917 thousand tenge.

“Halyk Bank of Kazakhstan” JSC

In August 2017, the Company opened a non-revolving credit line for 40,000,000 thousand tenge for refinancing Eurobonds and for other corporate purposes. The interest rate is 13% per annum and is payable quarterly. The principal is payable twice a year. In December 2017, the Company early repaid 15,000,000 thousand tenge.

During the nine months of 2018, the Company repaid the principal in the amount of 8,200,000 thousand tenge, including 6,100,000 thousand tenge on an early basis. On June 28, 2018, the Company signed an additional agreement on reduction of the interest rate to 12% per annum on the existing loan. The balance of principal under this credit line as of September 30, 2018 is 16,800,000 thousand tenge.

On May 23, 2018, the Company entered into a new Agreement with the Bank to open a credit line in the amount of 10,000,000 thousand tenge until October 21, 2022, in accordance with the terms of which a limit of 5,000,000 thousand tenge is granted on a non-renewable basis, the rest is provided on a renewable basis. The nominal interest rate is 12% per annum and is payable quarterly. The principal is payable at the end of the loan term. As of September 30, 2018, the Company made a partial early repayment of the principal under this line in the amount of 4,400,000 thousand tenge, the balance of the main debt under this Agreement is 5,600,000 thousand tenge.

Bonds

In August and September of 2017, the Company issued and placed bonds for a total of 20,000,000 thousand tenge and 28,000,000 thousand tenge (SNRGb2) and 28,000,000 thousand tenge (SNRGb3), respectively, with a nominal value of 1 thousand tenge per bond with a term of five years. The coupon interest rate was 13% per annum and 12.5%, respectively, and is payable twice a year and quarterly. In August of 2018, the Company registered the changes pertaining to reduction of rates to 11.5% per annum in the SNRGb3 bonds issue prospectus.

During the nine months of 2018, the Company paid out coupons on local bonds in the amount of 5,198,556 thousand tenge.

“Sberbank of Russia” SB JSC

In the first quarter of 2017, in accordance with the Loan Agreement with “Sberbank of Russia” JSC SB, the Company received a loan in the amount of KZT 3,402,000 thousand for 2 years at a rate of 13% per annum.

In June 2017, the Company repaid a short-term loan received in “Sberbank of Russia” JSC SB in the amount of 230 million Russian rubles, which is equivalent to KZT 1,271.900 thousand.

In the first half of 2018, the Company obtained a long-term loan in the amount of KZT 14,418,000 thousand from SB Sberbank of Russia, with a 13% interest rate and a term of 2 years. During nine months of 2018, the Company early repaid short-term loan in full.

In the third quarter of 2018, the Company obtained short-term loan in the amount of 2,950,000 thousand tenge from “Sberbank of Russia” JSC at the rate of 10.5% for 2 months. In September 2018, the Company early repaid short-term loan in the amount of 850 000 thousand tenge in full.

“Kazkommertsbank” JSC

A 10,000,000 thousand tenge loan with a term of 5 years was obtained from “Kazkommertsbank” JSC in 2015 as part of a credit line for the purpose of replenishing the working capital. Effective rate of this loan is 12.7%.

In June 2018, the Company made an early repayment of Kazkommertsbank loan, including accumulated interest for a total of KZT 10,100,000 thousand.

14 Financial guarantees

At 30 September 2018, the Company has guarantees issued for the loans received by “First Wind Power Plant” LLP and “Shardarinsk HPP” JSC. The fair value of guarantees on initial recognition was determined as the sum resulting from applying an interest rate to the guaranteed amount, representing a difference between the interest rate at which the borrower received the loan guaranteed by the Company and the interest rate, which would be applied if the Company did not issue the guarantee. The cost of the guarantee is regarded as an investment in a subsidiary.

<i>In thousands of Kazakhstani tenge</i>	Amount of guaranteed liabilities		Guarantee term		Valuation rate under guarantee
	30 September 2018	31 December 2017	Guarantee issue date	Term	
Company					
“FWPP” LLP	14,167,000	14,167,000	29 April 2013	29 April 2024	2%
“Shardarinsk HPP” JSC	13 991 250	12,950,000	2 December 2015	2 December 2023	-
Total	28,158,250	27,117,000			

15 Other payables and accrued liabilities

<i>In thousands of Kazakhstani tenge</i>	30 September 2018	31 December 2017
Guarantee obligation for tender participation	208,308	219,316
Payables to suppliers and contractors	557,526	698,024
Other payables	498,321	436,991
Total financial payables	1,264,155	1,354,331

16 Obligation to the Shareholder

On behalf of the Shareholder, the Company made a commitment for the construction of a kindergarten in Astana for the amount of 1,174,066 thousand tenge. The Company recognized an obligation for the estimated amount of construction for amount of 1,174,066 thousand tenge as other distributions to shareholder. As at 30 September 2018, the Company incurred expenses associated with the construction of a kindergarten of 1,184,095 thousand tenge (at 31 December 2017: 1,387,077 thousand tenge) (Note 11). These actually incurred expenses are recorded as current assets held for the benefit of the Shareholder, as it is expected that these assets will be transferred to the Shareholder in the fourth quarter of 2018 through distribution of income in favor of the Shareholder pursuant to its decision.

17 Dividend income

<i>In thousands of Kazakhstani tenge</i>	9 months ended 30 September 2018	9 months ended 30 September 2017	3 months ended 30 September 2018	3 months ended 30 September 2017
“Ekibastuz SDPP-1 named after Bulat Nurzhanov” LLP	11,041,000	9,599,000	-	-
“Bukhtarminsk HPP” JSC	2,545,763	2,577,011	1,270,450	1,225,542
“Alatau Zharyk Company” JSC	815,278	557,880	-	-
Forum Muider B.V	414,339	6,074,884	-	3,540,663
“Almaty Power Plants” JSC	228,260	889,056	-	-
“Energy Solutions Center” LLP	50,000	-	-	-
“Shardarinsk HPP” JSC	21,832	64,229	-	-
“Aktobe CHP” JSC	-	396,619	-	-
“MDPGC” JSC	-	207,231	-	-
“AlmatyEnergoSbyt” LLP	-	128,505	-	-
Total dividend income	15,116,472	20,494,415	1,270,450	4,766,205

18 General administrative expenses

<i>In thousands of Kazakhstani tenge</i>	9 months ended 30 September 2018	9 months ended 30 September 2017	3 months ended 30 September 2018	3 months ended 30 September 2017
Salaries and related costs	1,617,486	1,567,731	510,585	341,333
Consulting and other services	1,000,583	864,899	195,332	359,153
Office maintenance services	387,950	283,978	155,607	123,662
Taxes	291,462	186,856	65,592	27,141
Rent expenses	228,558	248,123	76,186	84,239
Depreciation of fixed assets and amortization of intangible assets	210,240	239,329	65,569	73,867
Support and updating of software and DB	-	-	0	-
Business trip expenses	80,036	58,918	34,961	18,433
Membership fees	-	66,548	0	66,548
Employees training and related costs	31,973	56,619	3,683	25,043
Telecommunication costs	31,070	25,512	10,573	8,981
Insurance	29,884	26,954	9,578	9,791
Reserve for doubtful debts	-3,835	550,052	-949	-
Others	466,624	625,346	238,768	188,309
Total general and administrative expenses	4,372,031	4,800,865	1,365,485	1,326,500

SAMRUK-ENERGY JSC
Notes to Condensed Separate Interim Financial Statement – 30 September 2018

19 Other operating expenses

<i>In thousands of Kazakhstani Tenge</i>	9 months ended 30 September 2018	9 months ended 30 September 2017	3 months ended 30 September 2018	3 months ended 30 September 2017
Impairment of cash	2,179,572	-	77	-
Impairment of bank deposits	27,169	-		
Impairment of loans issued	100,485	30,390	12,518	-
Impairment of other receivables	257,091	-	2,857	-
Impairment of other long-term assets	262	-	-	-
Impairment of intangible assets	-	15,650	-	-
Other expenses	23,130	88,290	11,047	81,579
Total other operating expenses	2,587,709	134,330	26,499	81,579

20 Other operating income

<i>In thousands of Kazakhstani Tenge</i>	9 months ended 30 September 2018	6 months ended 30 September 2017	3 months ended 30 September 2018	3 months ended 30 September 2017
Recovery of cash impairment	2,241,813	-	12	-
Recovery of bank deposits impairment	64,258	-	360	-
Recovery of impairment of loans issued	6,397	-		-
Recovery of other assets impairment	31,424	-	9,660	-
Other income	18,137	384,445	-	262,084
Total other operating expenses	2,362,029	384,445	10,032	262,084

21 Finance income

<i>In thousands of Kazakhstani Tenge</i>	9 months ended 30 September 2018	9 months ended 30 September 2017	3 months ended 30 September 2018	3 months ended 30 September 2017
Interest income on bonds	584,708	2,154,044	188,627	603,032
Interest income on bank deposits	188,140	804,553	17,842	282,597
Interest income on loans issued	332,936	296,970	111,252	98,990
Amortization of discount on issued financial aid	289,453	221,909	109,147	82,254
Amortization of discount on long-term receivables	614,360	-	209,480	-
Other	439,630	808,265	147,087	229,319
Total finance income	2,449,227	4,285,741	783,435	1,296,192

22 Finance costs

<i>In thousands of Kazakhstani Tenge</i>	9 months ended 30 September 2018	9 months ended 30 September 2017	3 months ended 30 September 2018	3 months ended 30 September 2017
Interest expenses on bonds	4,535,333	4,950,582	1,485,333	1,983,629
Amortization of discount of present value on loans and financial aid	3,563,313	2,918,996	1,208,065	1,109,191
Interest expenses on borrowings	7,359,501	2,606,448	1,932,287	971,364
Loss/profit from indexation of bonds issued to subsidiaries	-	124,117	-	(859,883)
Discounting of loans issued and long-term receivables	461,188	-	6,311	-
Other	128,448	483,416	38,254	186,264
Total finance costs	16,047,783	11,083,559	4,670,250	3,390,565

23 Income tax

Income tax is a tax withheld at the source of payment on deposits. The company does not expect to receive taxable profits in the future.

24 Fair value of financial instruments

Fair value measurement

Fair value is the amount at which a financial instrument could be exchanged during a current deal between stakeholders, other than cases of forced sale or liquidation, and is best evidenced by an active quoted market price. The estimated fair values of financial instruments were determined by the Company using available market information, if available, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Republic of Kazakhstan's economy continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

The results of fair value evaluation are analyzed and distributed to levels of fair value hierarchy: (i) the 1st level includes estimates on quoted prices (non-adjustable) in active markets for identical assets and liabilities, (ii) the 2nd level includes those received via evaluation methods in which all usable significant information is directly or indirectly observable for the asset or liability (i.e., e.g., price) and (iii) evaluations of 3rd level are estimates not based on observable market data (i.e., based on unobservable inputs).

All the Company's financial instruments are carried at amortized cost. Their fair value at 3rd level of fair value hierarchy was estimated using discounted cash flows.

Financial assets carried at amortized value

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 short maturities, carrying amounts of financial receivables, cash and cash equivalents and other financial current assets approximate their fair values.

Financial liabilities carried at amortized value

The estimated fair value of 1st level borrowings is based on quoted market prices.

The estimated fair value of fixed interest rate instruments with established maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Due to short maturities, the carrying amount of financial payables approximately equals their fair value.

24 Fair value of financial instruments (continued)

The below is an analysis of fair value by level of the fair value hierarchy and the carrying amount of assets and liabilities not measured at fair value.

<i>In thousands of Kazakhstani tenge</i>	30 September 2018				31 December 2017			
	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Carrying value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Carrying value
Assets								
Cash and cash equivalents		585,522		585,522	-	14,142,829	-	14,142,829
Deposits with fixed terms		93,046		93,046	-	3,037,304	-	3,037,304
Financial receivables		17,739,812		17,739,812	-	14,890,776	-	14,890,776
Dividends receivable		398		398	-	6,380,082	-	6,380,082
Loans issued		8,236,304		8,236,304	-	12,635,688	-	12,635,688
Total financial assets		26,655,082		26,655,082	-	51,086,679	-	51,086,679
Liabilities								
Borrowings	-	151,698,057	-	165,551,221	-	170,235,067	-	182,941,295
Financial payables	-	1,074,543	-	1,074,543	-	750,235	-	750,235
Financial guarantees issued	-	2,530,527	-	2,530,527	-	2,262,892	-	2,262,892
Total financial liabilities	-	155,303,127	-	169,156,290	-	173,248,194	-	185,954,422

25 Events after the reporting date

On October 15, 2018, the Company received a tranche in the amount of 2,100,000 thousand tenge under the credit line in "Halyk Bank of Kazakhstan" JSC.

On October 16, 2018, the Company repaid the principal and accrued interest under the credit line in SB "Sberbank" JSC in the amount of 1,507, 875 thousand tenge.

On October 23, 2018, the Company received 830,000 thousand tenge short-term loan under a credit line at "Sberbank" SB JSC

On October 25, 2018, the Company repaid the accrued interest of 642, 140 thousand tenge under the EBRD loan.