



“SAMRUK-ENERGY” JSC

**Separate financial statements in accordance with International
Financial Reporting Standards**

31 March 2020

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SEPARATE FINANCIAL STATEMENTS

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SAMRUK-ENERGY JSC
Separate Statement of Financial Position

| <i>In thousands of Kazakhstani Tenge</i> | Note | 31 March 2020 (unaudited) | 31 December 2019 |
|--|------|------------------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 349,704 | 373,929 |
| Intangible assets | | 740,484 | 763,873 |
| Right-of-use assets | | 951,363 | 982,052 |
| Investments in subsidiaries and joint ventures | 6 | 541,439,141 | 541,364,649 |
| Loans issued | 7 | 47,219,839 | 47,955,694 |
| Other non-current assets | 8 | 2,219,406 | 2,160,716 |
| Total non-current assets | | 592,919,937 | 593,600,913 |
| Current assets | | | |
| Inventories | | 39,391 | 36,431 |
| Loans issued | 7 | 10,502,880 | 15,669,815 |
| Other current assets | 9 | 42,045,845 | 11,396,351 |
| Cash and cash equivalents | 10 | 298,901 | 1,298,005 |
| Total current assets | | 52,887,017 | 28,400,602 |
| TOTAL ASSETS | | 645,806,954 | 622,001,515 |
| EQUITY | | | |
| Share capital | 11 | 373,314,888 | 373,314,888 |
| Other reserves | | 91,643,030 | 91,643,030 |
| Accumulated loss | | (29,472,818) | (54,741,536) |
| TOTAL EQUITY | | 435,485,100 | 410,216,382 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 12 | 156,680,966 | 183,760,143 |
| Lease liabilities | | 638,531 | 689,052 |
| Non-current financial guarantee | 19 | 1,429,745 | 1,469,449 |
| Total non-current liabilities | | 158,749,242 | 185,918,644 |
| Current liabilities | | | |
| Borrowings | 12 | 49,963,433 | 23,638,774 |
| Lease liabilities | | 314,762 | 346,314 |
| Other payables and accrued liabilities | 13 | 853,645 | 1,414,783 |
| Liability to the shareholder | | 363,571 | 363,571 |
| Other taxes payable | | 77,201 | 103,047 |
| Total current liabilities | | 51,572,612 | 25,866,489 |
| TOTAL LIABILITIES | | 210,321,854 | 211,785,133 |
| TOTAL LIABILITIES AND EQUITY | | 645,806,954 | 622,001,515 |
| Carrying amount of an ordinary share | 23 | 77,610 | 73,094 |

Signed on behalf of management on 04 May 2020.

Aidar K. Ryskulov
 Managing Director on Economics and
 Finance



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

The accompanying notes on pages 5 to 21 are an integral part of these financial statements.

| <i>In thousands of Kazakhstani tenge</i> | Note | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 |
|---|-------------|---|---|
| Income dividend | 14 | 30 627 711 | - |
| Other operating income and expenses (net) | | (1 648) | 838 238 |
| General and administrative expenses | 15 | (1 303 526) | (1 369 400) |
| Gains / (losses) from recovery / (impairment) of financial assets (net) | | (15 244) | 151 979 |
| Operating profit | | 29 307 293 | (379 183) |
| Finance income | 16 | 1 953 455 | 857 560 |
| Finance costs | 17 | (5 979 869) | (5 363 533) |
| Profit/(loss) before tax | | 25 280 879 | (4 885 156) |
| Income tax expense | 18 | (12 161) | (38 273) |
| Profit/(loss) for the year | | 25 268 718 | (4 923 429) |
| Total comprehensive income/ (loss) per year | | 25 268 718 | (4 923 429) |
| Profit (loss) per year per share (in Kazakhstani tenge) | 22 | 4,511 | (879) |

SAMRUK-ENERGY JSC
Separate Interim Statement of Changes in Equity

| <i>In thousands of Kazakhstani tenge</i> | Note | Share capital | Other reserves | Retained loss | Total equity |
|--|-------------|----------------------|-----------------------|----------------------|---------------------|
| Balance as at 1 January 2019 | | 373,314,888 | 91,643,564 | (86,635,985) | 378,322,467 |
| Loss for the period | | - | - | (4,923,429) | (4,923,429) |
| Total loss for the year | | - | - | (4,923,429) | (4,923,429) |
| Balance as at 31 March 2019 | | 373,314,888 | 91,643,564 | (91,559,414) | 373,399,038 |
| Balance as at 1 January 2020 | | 373,314,888 | 91,643,030 | (54,741,536) | 410,216,382 |
| Profit for the period | | - | - | 25,268,718 | 25,268,718 |
| Total comprehensive loss per year | | - | - | 25,268,718 | 25,268,718 |
| Balance as at 31 March 2020 | | 373,314,888 | 91,643,030 | (29,472,818) | 435,485,100 |

SAMRUK-ENERGY" JSC
separate statements of cash flow

| | | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 |
|--|-------------|---------------------------------|---------------------------------|
| <i>(i) In thousands of Kazakhstani tenge</i> | Note | | |
| Cash flows from operating activities: | | | |
| Cash proceeds, total | | 242,200 | 397,714 |
| Interest received | | 203,687 | 343,370 |
| Other proceeds | | 38,513 | 54,344 |
| Cash outflow, total | | (4,342,655) | (4,835,909) |
| Payments to suppliers for goods and services | | (711,980) | (823,314) |
| Advances paid | | (52,419) | (126,670) |
| Payment on wages | | (606,918) | (495,583) |
| Repayment of interest on loans received | | (2,625,522) | (2,882,510) |
| Corporate income tax | | (64,776) | (41,005) |
| Other payments to the budget | | (58,661) | (151,683) |
| Other payments | | (222,379) | (315,144) |
| Net cash used in operating activities | | (4,100,455) | (4,438,195) |
| Cash flows from investment activities | | | |
| Cash proceeds, total | | 8,181,541 | 1,139,422 |
| Return of bank deposits | | - | 75,594 |
| Repayment of loans issued | | 8,048,393 | 959,708 |
| Repayment of financial receivables of "Tauba Invest" LLP | | 108,558 | 104,120 |
| Repayment of debt instruments by issuers | | 24,590 | - |
| Cash outflow, total | | (909,072) | (9,216,604) |
| Acquisition of property, plant and equipment and intangible assets | | (178,580) | (59,994) |
| Borrowings and financial aid provided to subsidiaries and associates | | (656,000) | (4,220,000) |
| Contribution to equity of subsidiaries | | (74,492) | (4,936,610) |
| Net cash used in investment activities | | 7,272,469 | (8,077,182) |
| Cash flows from financing activities | | | |
| Cash proceeds, total | | 16,300,000 | 63,618,800 |
| Obtaining of bank loans | | 16,300,000 | 32,868,800 |
| Obtaining of loans from subsidiaries | | - | 30,750,000 |
| Cash outflow, total | | (20,474,857) | (45,419,597) |
| Repayment of loans from Samruk-Kazyna | | (2,381,109) | (2,381,109) |
| Repayment of loans from banks and other organizations | | (17,981,118) | (14,483,755) |
| Bond redemption | | - | (28,000,000) |
| Repayment of principal on financial lease | | (82,073) | (64,766) |
| Other payments | | (30,557) | (489,967) |
| Net cash flows used from financing activities | | (4,174,857) | 18,199,203 |
| Foreign exchange difference effect on cash and cash equivalents | | 271 | 1,387 |
| Change in allowance for impairment of cash and cash equivalents | | 3,468 | (951) |
| Net (decrease)/increase in cash and cash equivalents | | (999,104) | 5,684,262 |
| Cash and cash equivalents at the beginning of the year | 10 | 1,298,005 | 256,275 |
| Cash and cash equivalents at the end of the period | 10 | 298,901 | 5,940,537 |

1 General information about “Samruk-Energy” JSC and its operations

These financial statements for three months ended 31 March 2020 were prepared in accordance with International Financial Reporting Standards (IFRS) for “Samruk-Energy” JSC (hereinafter – the Company).

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

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 party is the Government of the Republic of Kazakhstan.

Principal activity

The Company is a holding company (the “Company”), including a number of companies (Note 7), which is engaged in production of electricity, heat and hot water using 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, Nur-Sultan c., 15 A, Kabanbay Batyr ave.

Presentation currency

Unless otherwise stated, the figures in these financial statements are presented in Kazakhstan tenge (“tenge”).

2 Basis of Preparation of financial statements and Significant Accounting Policies

Basis of preparation of financial statements

These separate condensed interim financial statements for three months ended 31 March 2020 were prepared in accordance with International Financial Reporting Standards (IFRS) 34 “Interim financial statements”, using the historical cost convention, as adjusted for initial recognition of financial instruments at fair value. These separate condensed interim financial statements are subject to familiarization together with the Company’s annual separate financial statements as of 31 December 2019 prepared in accordance with IFRS. The accounting policies used in the preparation of this condensed separate interim financial report are consistent with those accounting policies that were applied in the previous separate financial statements.

The Company has prepared these separate financial statements for management.

Moreover, the Company has prepared consolidated financial statements in accordance with IFRS for the Company and its subsidiaries (the “Group”). In the consolidated financial statements, transactions of subsidiaries identified as companies in which the Group directly or indirectly holds more than half of the voting shares or in respect of which the Company is otherwise able to control their financial and operating policies, are fully consolidated. The consolidated financial statements of the Group can be obtained at the Company’s office located at the following address: 15A, Kabanbay batyr avenue, the Republic of Kazakhstan, Nur-Sultan c.

Users should get familiar with these separate condensed interim financial statements together with the condensed consolidated interim financial statements as of and for the period ended December 31, 2019 in order to obtain complete information about the financial position, operating results and changes in the Company’s financial standing in general.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions. In addition, management must rely on its judgment in applying the Company’s accounting policies. The areas of accounting that involve a higher degree of measurement or complexity, and the areas in which assumptions and estimates are material to the individual financial statements, are disclosed in the Note. Actual results may differ from these estimates.

2 Basis of Preparation of financial statements and Significant Accounting Policies (continued)

Exchange rates

As of March 31, 2020, the official exchange rate, which is used to translate balances in foreign currencies, was 447,67 tenge per 1 US dollar (December 31, 2019: 381,18 tenge per 1 US dollar).

Currently, tenge is not a freely convertible currency outside the Republic of Kazakhstan.

3 New accounting policies

New standards and interpretations

A number of new standards and interpretations have been published, which are mandatory for annual periods beginning on or after January 1, 2020, which the Group has not adopted in advance.

Amendments to IFRS 10 and IAS 28 - “The sale or contribution of assets between an investor and its associate or joint venture” (issued on September 11, 2014 and effective for annual periods starting on the date, which will be determined by the IASB, or after this date). These amendments eliminate inconsistencies between the requirements of IFRS 10 and IAS 28 regarding the sale or contribution of assets to an associate or joint venture by an investor. The main implication of the amendments is that profit or loss is recognized in full if the transaction concerns a business. If assets do not represent a business, even if a subsidiary owns these assets, only part of the profit or loss is recognized.

IFRS 17 “Insurance Contracts” (issued on May 18, 2017 and effective for annual periods starting on or after 1 January 2021) (continued)

According to this standard, insurance contract groups should be recognized and measured at the total of (i) present value of future cash flows (fulfillment cash flows), risk-adjusted, which considers all available information about fulfillment cash flows that complies with observed market information to which (ii) the amount of retained earnings for a group of contracts (service margin) is added (if the value is an obligation) or from which it is deducted (if the value is an asset). Insurers will present the company's profit from insurance contracts for the period during which they provide insurance coverage and at the time of the release from risk. If the group of contracts is or becomes unprofitable, an entity shall recognize the loss immediately.

Revisions to Conceptual Framework for Financial Reporting (issued on March 29, 2018 and effective for annual periods starting on or after 1 January 2020). The conceptual framework for financial reporting in the new edition includes a new chapter on measurement, guidance on reporting financial performance, improved definitions and recommendations (in particular, definition of liability) and clarifications in important areas, such as the role of management, prudence and measurement uncertainty in financial reporting.

Definition of a Business - Amendments to IFRS 3 (issued on October 22, 2018 and applicable to acquisitions from the beginning of the annual reporting period starting on January 1, 2020, or after this date). These amendments introduces changes to the definition of a business. Business comprises input and substantial processes that together contribute to the ability to create outputs.

The new guidance includes a system that allows determining the availability of contribution and a significant process, including for companies that are in their early stages of development, that have not yet received a return. If there is no output, an organized workforce must be in place in order for an entity to be considered a business. The definition of the term “output” is narrowed in order to focus attention on goods and services provided to customers, to create investment income and other income, while removing the reference to an ability to reduce costs and other economic benefits. Moreover, it is no longer necessary to assess whether market participants are capable of replacing any missing elements or integrate acquired activities and assets. An entity may apply a “concentration test”. Acquired assets will not be considered a business if almost the entire fair value of acquired gross assets is concentrated in one asset (or a group of similar assets).

Definition of materiality - Amendments to IAS 1 and IAS 8 (issued on October 31, 2018 and valid for annual periods starting on January 1, 2020 or after this date). These amendments clarify the definition of materiality and the application of this concept by including recommendations on the definition that were previously presented in other IFRS standards. Moreover, clarifications to this definition have been improved. The amendments also provide a consistent use of the materiality definition in all IFRS standards.

Information is considered material if omitting, misstating or obscuring it could reasonably expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements which provide financial information about a specific reporting entity..

4 Important accounting estimates and professional judgments 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 2019.

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 31 March 2020 total current liabilities of the Company exceeded total current assets by 1,314, 403 thousand tenge.

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

- The company and its subsidiaries are of strategic importance for ensuring the reliability of Kazakhstan's energy system. The management and shareholders of the Company have neither the intention nor the need to liquidate the Company.
- The Company's current liabilities of KZT 36,115,303 thousand represent debt to subsidiaries of the Company associated with financial aid obtained and services provided.
- As of March 31, 2020, the Company has available funds under revolving credit lines from “Halyk Bank of Kazakhstan” JSC for the total amount of 50,000,000 thousand tenge and “Sberbank of Russia” JSC SB for the total amount 8,200,000 thousand tenge.

These separate financial statements do not include any adjustments to the carrying amounts of assets and liabilities, income and expenses, and classification of the statement of financial position that would be required if it is not possible to continue operating activities, such adjustments may be significant.

Balkhash TPP

14 On February 14, 2012, the Company and Samsung C & T entered into an "Option Agreement for shares of “Balkhash TPP” JSC (“Option Agreement”), according to which Samsung C & T shall be entitled to exercise the put option in the event that the relevant conditions of the Options Agreement are not met.

On August 31, 2016, Samsung C&T sent a notice on the enforcement of the Option for the sale of shares in accordance with the Option Agreement due to the lack of an agreed version of the support and financing package for the construction of BTTP.

The Company concluded that the above events indicate the impairment of the Company's investments in BTTP in accordance with IAS 36 Impairment of Assets. Accordingly, at December 31, 2017, investments in BTTP were completely impaired.

On November 16, 2018, a settlement agreement was entered into with Samsung C & T. According to this settlement agreement, the Kazakhstani side, the Government and Samruk-Energy jointly assumed the obligation to pay an agreed to Samsung C & T by November 30, 2019. Once the payment is received, Samsung C & T will transfer 50% + 1 share of BTTP to Samruk-Energy. In this regard, as at 31 December 2018, the Company recognized the provision for the full amount of the liability. The government took the decision on providing the Company with the funding required to repay obligations to Samsung C & T. Since it is assumed that the expenses required to repay the obligation to Samsung C & T will be fully reimbursed, in accordance with IAS 37, as at 31 December 2018, reimbursement amount is recognized as a separate asset in the same amount as the provision. The corresponding loss on recognition of the liability and gain on recognition of the asset were offset in profit or loss under IAS 37.

The management believes that the potential voting right associated with the future transfer of shares under the settlement agreement is unreal, and as of 31 December 2018 the Group does not control BTTP. Accordingly, as of 31 December 2018, BTTP is still accounted for using the equity method.

On October 29, 2019, the Company received a refund and paid the amount of the obligation of Samsung C&T and received 50% + 1 share of BTTP. The Company's management believes that as a result of the acquisition of an equity stake in BTTP, the Company does not have a legal obligation to lenders and suppliers of BTTP.

4 Important accounting estimates and professional judgments in applying accounting policies (continued)

At the time of the Company's acquisition of a 100% stake, BTPP was about to go bankrupt and did not actually conduct significant operations. Since 2017, lenders and suppliers have repeatedly applied to the court due to the insolvency of BTPP, which in turn led to the seizure of property, and also significantly limited BTPP operations. On December 6, 2019, a temporary manager was appointed by the court in order to supervise and conduct the bankruptcy process.

Thus, in the opinion of the Company's management, the fair value of BTPP net assets is equal to zero.

Agreement on assignment of rights to a loan between the Company, “Vnesheconombank”, “Eurasian Development Bank” and EGRES-2

In 2019, as part of the deal on acquisition of a 50% equity stake in EGRES-2 from “Inter RAO” UES” by SWF “Samruk-Kazyna”, an agreement on the transfer of debt between “Vnesheconombank” and the Eurasian Development Bank (as initial lenders), Eurasian Development Banks (as Facility Agent), “Samruk-Energy” JSC (as the Buyer) and EGRES-2 (as the Borrower) was signed; the agreement provides for Vnesheconombank's assignment of its right of claim under the loan agreement in favor of “Samruk-Energy” JSC.

According to the agreement on the assignment of debt d/d December 9, 2019, “Samruk-Energy” JSC must buy the loan in rubles from “Vnesheconombank” no later than June 21, 2021, or 60 days after the date of receipt of the notification of the default event, whichever is earlier.

The Company's management believes that default events did not take place on December 31, 2019.

After the repurchase of the debt, the rights to claim this debt pass from Vnesheconombank to “Samruk-Energy” JSC and the currency of the loan should change from rubles to tenge. Change of the loan currency, according to the terms of the Loan Agreement d/d June 23, 2010, involves a corresponding change in the initial interest rate in rubles to the interest rate in tenge.

Agreement on assignment of rights to a loan between the Company, “Vnesheconombank”, “Eurasian Development Bank” and EGRES-2 (continued)

This deal meets the criteria of a derivative financial instrument, as:

- (i) its value changes as a result of a change in the price of a financial instrument or exchange rate;
- (ii) an initial net investment is not required for its acquisition or a relatively small initial net investment is required in comparison with other types of contracts that are expected to respond similarly to changes in market factors;
- (iii) it will be settled at some future date

Accordingly, the management of the Company calculated the fair value of the consideration payable and compared it with the fair value of the current loan under the terms of the original contract. As a result of this analysis, the management of the Company concluded that the fair value of this derivative financial instrument is insignificant at the reporting date and, accordingly, did not recognize the asset or liability.

The fair value of the consideration payable and the loan under the original contract was set based on the future cash flows presented at the reporting date, taking into account forecast data on inflation in the Republic of Kazakhstan and the Russian Federation, the Central Bank of Russia refinancing rate, currency exchange rates, as well as market loan rates issued by companies with similar credit ratings on similar terms.

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. The Kazakhstani state has significant influence over the Company. The Company decided to apply the exemption from disclosure of individually insignificant transactions and balances with the government and parties that are related to the entity because the Kazakhstan state has control, joint control or significant influence over such party.

The Company purchases from and sells goods to a large number of government related entities.

Such purchases and sales are individually insignificant and are generally entered into on an arm's length basis.

“SAMRUK-ENERGY” JSC
Notes to the separate interim financial statement – 31 March 2020

At 31 March 2020 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 |
|--|------|-------------|--------------------------------|---------------------------------|
| Loans issued to subsidiaries | 8 | - | - | 54 565 836 |
| Other asset in favor of the Shareholder | 10 | 363,571 | - | - |
| Other non-current assets | 9 | - | - | 1 402 435 |
| | | | | 1 500 369 |
| Interest receivable on loans issued | 8 | - | - | - |
| Dividends receivable | 10 | - | - | 30 623 645 |
| Accounts payable | 14 | - | 2 679 | 209 646 |
| Liability to the Shareholder | | 363,571 | - | - |
| Loans and bonds | 13 | 63 946 642 | - | 44 862 853 |

The outstanding balances with related parties as at 31 December 2020 are as follows:

| <i>In thousands of Kazakhstani tenge</i> | Note | Shareholder | Companies under common control | Subsidiaries and joint ventures |
|--|------|-------------|--------------------------------|---------------------------------|
| Loans issued to subsidiaries | 8 | - | - | 61,726,090 |
| Accounts receivable | 10 | - | - | 3,334 |
| Other asset in favor of Shareholder | 10 | 363,571 | - | - |
| Other non-current assets | 9 | - | - | 1,358,784 |
| Interest receivable on loans issued | 8 | - | - | 267,373 |
| Dividends receivable | 10 | - | - | 405 |
| Accounts payable | 14 | - | 4,604 | 220,614 |
| Liability to the Shareholder | | 363,571 | - | - |
| Borrowings and obligations | 13 | 64,876,984 | - | 43,763,045 |

The income and expense items with related parties for 3 months ended 31 March 2020 were as follows:

| <i>In thousands of Kazakhstani tenge</i> | Shareholder | Companies under common control | Subsidiaries and joint ventures |
|--|-------------|--------------------------------|---------------------------------|
| Dividend income | - | - | 30,627,711 |
| Finance income | - | - | 1 669 143 |
| Finance costs | 1 677, 919 | - | 1 200 956 |
| Recovery of impairment/(expenses) for impairment (net) | - | - | 7,134 |
| General and administrative expenses | - | 17 565 | 200 180 |
| Foreign exchange gain (net) | - | - | 69 |

The income and expense items with related parties for 3 months ended 31 March 2019 were as follows

| <i>In thousands of Kazakhstani tenge</i> | Shareholder | Companies under common control | Subsidiaries and joint ventures |
|--|-------------|--------------------------------|---------------------------------|
| Dividend income | - | - | - |
| Finance income | - | - | 297,998 |
| Finance costs | 1,597,404 | - | 928,406 |
| Recovery of impairment/(expenses) for impairment (net) | - | - | 26,362 |
| General and administrative expenses | - | 39,250 | 171,687 |
| Foreign exchange gain (net) | - | - | - |

Key executive staff remuneration for 3 months ended 31 March 2020 including salaries, bonuses and other short-term benefits to employees is 29,838 thousand tenge (for 3 months ended 31 March 2019: 26,676 thousand tenge). Key executive staff at 31 March 2020 consists of 5 persons (31 March 2019: 5 persons).

“SAMRUK-ENERGY” JSC
Notes to the separate interim financial statement – 31 March 2020

6 Investments in subsidiaries and joint ventures

The information on the value of investments as of March 31, 2020 is provided below:

| | Date of acquisition | Country of registration | 31 March 2020 | | 31 December 2019 | |
|---|---------------------|-------------------------|---|----------------------|---|----------------------|
| | | | Cost of investments (in thousands of tenge) | Ownership percentage | Cost of investments (in thousands of tenge) | Ownership percentage |
| Subsidiaries | | | | | | |
| Ekibastuz SDPP-1 named after Bulat Nurzhanov” LLP | 31.10.2012 | Kazakhstan | 333,382,126 | 100% | 333,382,126 | 100% |
| “Alatau Zharyk Company” JSC | 29.07.2009 | Kazakhstan | 58 975 598 | 100% | 58,974,235 | 100% |
| “Almaty Power Plants” JSC | 26.07.2011 | Kazakhstan | 34,061,653 | 100% | 34,061,653 | 100% |
| “Moynak HPP” JSC | 04.01.2008 | Kazakhstan | 21,864,616 | 100% | 21,864,616 | 100% |
| “Tegis Munay” LLP | 29.12.2012 | Kazakhstan | 17 210 549 | 100% | 17,137,421 | 100% |
| “First wind power plant” LLP | 28.05.2016 | Kazakhstan | 14,914,271 | 100% | 14,914,271 | 100% |
| “Shardarinsk HPP” JSC | 03.06.2011 | Kazakhstan | 2,524,771 | 100% | 2,524,771 | 100% |
| “Ereymtau Wind Power” LLP | 28.05.2016 | Kazakhstan | 3,780,724 | 100% | 3,780,724 | 100% |
| “Bukhtarminsk HPP” JSC | 04.01.2008 | Kazakhstan | 1,050,790 | 90% | 1,050,790 | 90% |
| “Kazhyrotechenergo” LLP | 31.03.2014 | Kazakhstan | 283,864 | 100% | 283,864 | 100% |
| “Almatyenergosbyt” LLP | 26.07.2011 | Kazakhstan | 136,003 | 100% | 136,003 | 100% |
| “Energy Solutions Center” LLP | 16.03.2019 | Kazakhstan | 52,999 | 100% | 52,999 | 100% |
| Joint ventures and associated companies | | | | | | |
| | | The | | | | |
| Forum Muider B.V. | 23.12.2008 | 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% |
| “Energia Semirechya” LLP | 28.05.2016 | Kazakhstan | 2,411,010 | 25% | 2,411,010 | 25% |
| Impaired investments | | | | | | |
| “Balkhash TPP” JSC (Note 4) | 24.06.2008 | Kazakhstan | 32,085,280 | 100% | 32,085,280 | 100% |
| “Samruk-Green Energy” LLP | 13.06.2012 | Kazakhstan | 2,953,614 | 100% | 2,953,614 | 100% |
| “Shulbinsk HPP” JSC | 04.01.2008 | Kazakhstan | 1,230,658 | 92.14% | 1,230,658 | 92.14% |
| “Ust-Karmenogorsk HPP” JSC | 04.01.2008 | Kazakhstan | 465,019 | 89.99% | 465,019 | 89.99% |
| Less: | | | | | | |
| Investment impairment | | | (36,429,081) | | (36,429,081) | |
| Total investments | | | 541 439 141 | | 541.364.649 | |

As at March 31, 2020, the Company has ownership interests in the following jointly controlled entities :

- ESDPP-2 Plant – 50%. The remaining 50% interest belongs to “Sovereign Wealth Fund “Samruk-Kazyna” JSC
- Forum Muider – 50%. The remaining 50% interest belongs to UC RUSAL.

In December 2019, a 50% ownership interest was acquired by the Samruk-Kazyna NWF from Inter-RAO UES for \$ 25 million.

The company has equity stake in the associated company “Energia Semirechya” LLP (25%). Energia Semirechya plans to build a renewable energy plant. The shareholders of “Energia Semirechya” LLP are Hydrochina Corporation (a 50% equity stake), “Samruk Energy” JSC (a 25% interest), “Powerchina Chegdu Engineering Corporation” (a 15% equity stake), and Powerchina Resources Ltd (equity stake 10%). The Company's equity stake in “Energia Semirechya” LLP has not changed due to the proportional contribution to the authorized capital by all shareholders according to their ownership interests.

100% of ESDPP-2 plant shares estimated at the date of the Guarantee Contract in the amount of 10 582 636 thous. tenge were pledged as security for ESDPP-2 loan obtained from “Eurasian Development Bank” JSC.

“SAMRUK-ENERGY” JSC
Notes to the separate interim financial statement – 31 March 2020

7 Loans issued

| <i>In thousands of Kazakhstani tenge</i> | 31 March 2020 | 31 December 2019 |
|---|----------------------|-------------------------|
| <i>Non-current portion</i> | | |
| Loan issued to “Alatau Zharyk Company” JSC | 4,885,987 | 4,777,939 |
| Loan issued to “First Wind Power Plant” LLP | 881,192 | 1,757,608 |
| “Moynak HPP” JSC bonds | 40,000,000 | 40,000,000 |
| Interest accrued on “First Wind Power Plant” LLP loan | 41, 828 | 5, 289 |
| “MDPGC” bonds | 1,222,379 | 1,220,424 |
| “Special Financial Company “DSFK” LLP bonds | 392,293 | 395,094 |
| “Tsesnabank” JSC bonds | 22,328 | 21,536 |
| Less: provision for impairment | (226,168) | (222,196) |
| Total loans issued – non-current portion | 47 219 839 | 47,955,694 |
| <i>Current portion</i> | | |
| Loan issued to “Almaty Power Plants” JSC | - | 3,000,000 |
| “Moynak HPP” JSC bonds | 7 000 000 | 7,000,000 |
| Loan issued to “Ekibastuz SDPP-1” LLP | - | 4,000,000 |
| Loan issued to “Moynak HPP” JSC | 1 400 000 | 1,400,000 |
| Loan issued to “Alatau Zharyk Company” JSC | 500 000 | - |
| Loan issued to “Balkhash TPP” JSC | 377 301 | 377,301 |
| Interest accrued on loans issued | 191 775 | 177,360 |
| Bonds interest | 1 528 204 | 210,523 |
| Financial aid provided to “Ust-Kamenogorsk HPP” JSC | 30 390 | 30,390 |
| Loans issued to “Zhambyl SDPP named after T.I. Baturov” JSC | 5 442 | 5,442 |
| Less: provision for impairment | -530 233 | (531,201) |
| Total loans issued – current portion | 10 502 880 | 15,669,815 |

Moynak HPP” JSC bonds

On June 18, 2019, the Company acquired bonds of “Moynak HPP” JSC issued on the AIX platform in the amount of 47,000,000 thousand tenge, with circulation period - 7 years, a coupon rate - 11% per annum.

“Tsesnabank” JSC bonds

In November 2018 the Company’s cash placed with Tsesnabank JSC was converted to bonds of Tenge 153,236 thousand in accordance with the Government Decree (Note 7). The carrying amount of the bonds is the present value of future cash flows discounted at 14 %. On January 18, 2019, the National Bank of the Republic of Kazakhstan registered changes to the bond issue prospectus, according to which the interest rate was changed from 4% to 0.1% per annum.

The loan issued to “Alatau Zharyk Company” JSC

On 31 January 2011 the Company provided a loan to “Alatau Zharyk Company” JSC of Tenge 7,000,000 thousand for construction and reconstruction of substations and other facilities. The loan maturity is 21 January 2024, the interest rate is 2% per annum, payable on a quarterly basis.

The outstanding amount as at 31 March 2020 is Tenge 4,885,987 thousand (31 December 2019: Tenge 4,829,416 thousand). The carrying amount of the loan is the present value of future cash flows discounted at 12.5%. A difference between the loan’s fair value on origination and its nominal value of Tenge 3,675,691 thousand, less income tax, was recognised as additional investments in “Alatau Zharyk Company” JSC.

On March 19, 2020, the Company provided a short-term 500,000 thous.KZT loan to “Alatau Zharyk Company” JSC in under the agreement on opening of the S-7 reverse credit line dated 01.04.2019. Loans are provided to replenish working capital. The interest rate is 8.0% per annum. Payment of principal and interest is due at the end of the term.

The loan issued to “Almaty Power Plants” JSC

In 2018, the Company entered into an agreement on opening a reverse credit line with “Almaty Power Plants” JSC on the terms of granting loans in the form of cash within the issuance limit of 3,000,000 thousand tenge, until October 31, 2019. Loans are granted to finance working capital. The interest rate is 8.0% per annum. Payment of principal and interest is effected at the end of the term. Loans are granted without collateral. During the year ended December 31, 2019, the Company provided loans in the amount of 7,200,000 thousand tenge, of which 6,150,000 thousand tenge was repaid. The balance of principal as of December 31, 2019 is 3,000,000 thousand tenge. “Almaty Power Plants” JSC fully repaid the loan on January 23, 2020.

“SAMRUK-ENERGY” JSC
Notes to the separate interim financial statement – 31 March 2020

7 Loans issued (continued)

The loan issued to “First Wind Power Plant” LLP

In 2016 the Company issued loans to First Wind Turbine LLP of Tenge 1,828,288 thousand to settle the borrowing from Eurasian Development Bank. The fixed interest rate is 14%. The principal and interest are payable at the end of the loan term. In 2019, “FWPP” LLP early repaid the loan interest in the amount of 892,393 thous. tenge.

8 Other non-current assets

| <i>In thousands of Kazakhstani tenge</i> | 31 March 2020 | 31 December 2019 |
|--|--------------------------|-----------------------------|
| Accounts receivables from buyers of subsidiaries | 746 013 | 733,735 |
| Debt under provided financial guarantee of First Wind Power Plant, LLP | 1 407 179 | 1,363,280 |
| Other receivables from employees | 82 638 | 79,698 |
| Less: provision for impairment | (16 424) | (15,997) |
| Total other financial non-current assets | 2,219,406 | 2,160,716 |

Accounts receivable as of March 31, 2020 in the amount of 746,013 thousand is the financial debt of “Inform-System” LLP with an internal rating of SK A. As of March 31, 2020, receivables are not impaired and not past due and are fully denominated in tenge.

9 Other current assets

| <i>In thousands of Kazakhstani tenge</i> | 31 March 2020 | 31 December 2019 |
|--|--------------------------|-----------------------------|
| Accounts receivables from buyers of subsidiaries | 10,104,599 | 9,952,869 |
| Accounts receivable from “Tauba Invest” LLP | 930,167 | 1,038,725 |
| Short-term deposits | 304 | 304 |
| Dividends receivable | 30,628,185 | 405 |
| Less: provision for impairment | (244 331) | (226,299) |
| Total other financial current assets | 41,418,924 | 10,766,004 |
| Asset in favor of Shareholder | 363,571 | 363,571 |
| Advances paid | 62,073 | 25,864 |
| Others | 201,275 | 240,912 |
| Total other current assets | 42,045,843 | 11,396,351 |

Accounts receivable

Other accounts receivable mainly include the short-term portion of the debt in the amount of 10.104.599 thousand tenge of customers of subsidiaries that were sold during 2017, as well as receivables of “Tauba Invest” LLP in the amount of 930.167 thousand tenge. “Tauba Invest” LLP receivables are secured by the real estate pledge agreement dated April 26, 2018. In the reporting period, “Tauba Invest” LLP repaid the debt of 108.558 thousand tenge. As at March 31, 2020, other receivables are not impaired or past due and are fully denominated in tenge.

Asset held in favor of Shareholder

As instructed by the Shareholder, the Company assumed a commitment for the construction of a kindergarten in Nur-Sultan city. The company recognized the liability for the estimated construction cost of 1,184,095 thousand tenge as other distributions in favor of the shareholder. The Company recognized the expenses incurred in connection with the construction of a kindergarten as current assets intended for the benefit of the Shareholder. In accordance with donation agreement No. 56 dated August 28, 2019, the Company transferred a part of the Asset - a kindergarten building with technical equipment and boiler equipment for a total amount of 820,524 thousand tenge to the State Institution “Assets and State Procurement Administration of Nur-Sultan city” SE. According to clause 11 of IFRIC 17 “Distribution of non-monetary assets to owners”, the Company must evaluate the obligation to distribute non-monetary assets as a dividend in favor of its owners at the fair value of the assets distributed.

9 Other current assets (continued)

The Company's management believes that the assessment of the fair value of the kindergarten is equal to its carrying value since neither the Company nor its Sole Shareholder derive any economic benefit from this deal, and it was made solely at the request of the ultimate shareholder - the Government of the Republic of Kazakhstan. Involvement in social projects is a common practice among the group of companies of a Shareholder. Moreover, the Company did not participate in the planning and construction of the kindergarten, but only allocated the necessary funds for its construction, and the transfer of the asset at a book value below fair value does not negatively affect the interests of any other shareholders due to the fact that the Company has only one Shareholder. In 2019, the Company transferred a part of the Asset - a kindergarten building with technical equipment and boiler equipment for a total amount of 820,524 thousand tenge to the State Institution “Assets and State Procurement Administration of Nur-Sultan city”. The transfer of the remaining part of the Asset - a transformer substation and engineering networks to Nur-Sultan city Mayor's Office with a total value of 363,571 thousand tenge is planned in the first half of 2020.

10 Cash and cash equivalents

| <i>In thousands of Kazakhstani tenge</i> | 31 March 2020 | 31 December 2019 |
|--|--------------------------|-----------------------------|
| Cash in bank accounts – tenge | 18 021 | 385,541 |
| Cash in bank accounts – USD | 66 | 2,280 |
| Cash on hand | 5 751 | 5,413 |
| Cash in bank accounts – euro | 167 | 145 |
| Cash in fixed term deposits up to 3 months – tenge | 275 000 | 905,001 |
| Less: provision for impairment | (104) | (375) |
| Total cash and cash equivalents | 298,901 | 1,298,005 |

Analysis of cash and cash equivalents based on creditworthiness as of March 31, 2020 is presented below. As of March 31, 2020 and and 31 December 2019 cash and cash equivalents are not overdue.

| <i>In thousands of Kazakhstani tenge</i> | Rating (S&P) | 31 March 2020 | 31 December 2019 |
|--|-------------------------|--------------------------|-----------------------------|
| Neither past due nor impaired: | | | |
| Halyk Bank | BB | 12,739 | 80,708 |
| Alfa Bank | BB- | 7,938 | 8,571 |
| Sberbank SB | BB+ | 539 | 104 |
| ATF Bank | B- | 919 | 930 |
| "Altyn Bank" JSC | BB+ | 283 | 318 |
| VTB Bank JSC Subsidiary (Kazakhstan) | BB+ | - | 300,007 |
| "ForteBank" JSC | B+ | 270,836 | 902,633 |
| Total cash and cash equivalents | | 293,254 | 1,293,271 |

11 Equity

As of March 31, 2019, 5,601,687 issued ordinary shares were fully paid in the amount of 373,314,888 thousand tenge (31 December 2019: 5,601,687 shares). Each ordinary share gives one voting right. The company has no preferred shares. The number of authorized shares equals to 8,602,187. As of March 31, 2020, “Samruk-Kazyna”SWF is a 100% shareholder of the Company (2019: 100%).

“SAMRUK-ENERGY” JSC
Notes to the separate interim financial statement – 31 March 2020

12 Borrowings

| <i>In thousands of Kazakhstani tenge</i> | 31 March 2020 | 31 December 2019 |
|---|--------------------------|-----------------------------|
| Non-current portion | | |
| Long-term bank loans | 61 699 828 | 63,208,148 |
| Loans from Samruk-Kazyna | 61 218 976 | 62,284,630 |
| Bonds | 24 804 966 | 24,800,157 |
| Borrowings from subsidiaries | 8 957 196 | 33,467,208 |
| Total non-current portion of borrowings | 156 680 966 | 183,760,143 |
| Current portion | | |
| Borrowings from subsidiaries | 35 905 657 | 10,294,522 |
| Short-term bank loans | 8 842 235 | 8,942,235 |
| Loans from Samruk-Kazyna | 2 381 109 | 2,381,108 |
| Interest accrued – bonds | 867 256 | 360,287 |
| Interest accrued – bank loans | 1 620 619 | 1,448,062 |
| Interest accrued – borrowings from Samruk-Kazyna and SA | 346 556 | 212,560 |
| Current portion of liabilities on financial lease | - | - |
| Total current portion of loans | 23,638,774 | 23,638,774 |
| Total borrowings | 49 963 433 | 207,398,917 |

Analysis of carrying value and fair value of these borrowings is presented:

| <i>In thousands of Kazakhstani tenge</i> | 31 March 2020 | | 31 December 2019 | |
|--|-----------------------|--------------------|-------------------------|--------------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Borrowings from Samruk-Kazyna and SA | 108,640,029 | 101,564,087 | 108,640,029 | 93,139,224 |
| Bonds | 25,160,443 | 24,148,880 | 25,160,443 | 21,644,161 |
| Bank loans | 73,598,445 | 70,945,999 | 73,598,445 | 70,584,418 |
| Total borrowings | 207,398,917 | 196,658,965 | 175,901,918 | 197,826,382 |

Samruk-Kazyna

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

On 14 January 2011 the Company signed a loan agreement with Samruk-Kazyna for amount of Tenge 7,000,000 thousand for the purpose of financing construction of substation of Alatau Zharyk Company JSC. The interest rate is 2% per annum, the maturity is 25 January 2024. The principal amount is payable at maturity and interest is payable by semi-annual payments.

On 16 January 2014 the Company signed a loan agreement with Samruk-Kazyna for amount of Tenge 200,000,000 thousand for the purpose of acquisition of remaining share in EGRES-1. The principal amount is payable on 1 December 2028 and interest at 7.8% is payable by semi-annual payments.

12 Borrowings (continued)

On 3 October 2014 the loan agreement was substantially modified pursuant to addendum No. 1 to loan agreement No. 369 as follows:

- Principal amount Tenge 100,000,000 thousand was extinguished as a contribution to share capital;
- Interest rate on the remaining principal amount was increased to 9%

On 25 December 2015 the loan agreement was significantly amended in accordance with the addendum No.2 to credit agreement No.369-I, the interest rate on the principal amount was reduced to 1% per annum. Management estimates that the reduction of the interest rate to a non-market rate of 1% and the change of the priority of a loan to a subordinated one represent a significant modification in the loan terms. Management believes that such change in the conditions of the loan should be considered as a settlement of the original loan and recognition of a new loan at a fair value. At the loan origination date, the market rate was 12.8% per annum. The Company recognised a gain on initial recognition of the loan of Tenge 72,581,903 thousand as part of other reserves. Management believes that by providing a loan at the below-market rate, Samruk-Kazyna acted as a 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.

European Bank for Reconstruction and Development

In December 2016 the Company opened a non-revolving line of credit for 100 million Euros to refinance Eurobonds. In September 2019 the Group received two tranches for amount of 39,114,450 thousand tenge within this line of credit. The interest rate is set on the basis of an independent indicative rate of provision of credit All-in-cost, the calculation of which is based on inflation plus margin of 3.5% and 4.5% per annum. Changes in the independent indicative rate are recorded on a quarterly basis. Principal debt is payable twice a year and at the end of the term. In 2019, the Company early repaid the second tranche under the loan from the EBRD in the amount of 10,354,871 thousand tenge.

Asian Development Bank

On November 8 and December 5, 2018, the Company opened non-revolving credit lines in the amount of 120 million USD in the Asian Development Bank to increase the operating efficiency of core activities and identify opportunities related to renewable energy sources. In 2019, the Company received three tranches under the Credit lines for a total amount of 45,860,800 thousand tenge with maturity for tranches A & B after 5 years, for tranche C – after 7 years. The interest rate is set on the basis of actual inflation rates of the Republic of Kazakhstan, plus the bank margin. Principal debt is payable at the end of the loan term.

Bonds

In August and September 2017 the Company issued and placed bonds for a total of Tenge 20,000,000 thousand and Tenge 28,000,000 thousand, respectively, with a nominal value of Tenge 1000 per bond with a five-year term. The coupon rate was 13% per annum and 12.5% per annum, respectively, and is payable twice a year and on a quarterly basis, respectively. On February 18, 2019, the Company conducted a repurchase of the bonds of the second tranche in the amount of 28,000,000 thousand tenge. In April 2019, the Company repurchased 16,872,498 bonds of the first tranche at a market price of KZT 17,655,846 thousand. As of December 31, 2019, the balance of principal for the first tranche is 3,127,502 thousand tenge.

In November 2018 the Company issued and placed bonds for a total of Tenge 21,736,200 thousand, with a nominal value of Tenge 1000 per bond with a seven-year term. The coupon rate was 11.2% per annum and is payable twice a year.

“Halyk Bank of Kazakhstan” JSC

In August 2017 the Company opened a non-revolving credit facility for Tenge 40,000,000 thousand to refinance Eurobonds and for other corporate purposes. The interest rate is 14.2% per annum and is payable quarterly. The principal is payable twice a year. The loan balance as of December 31, 2019 is 1,900,000 thousand tenge. In the first quarter of 2020 the Company received 3 short-term tranches for 2,000,000 thousand tenge and repaid loans for 3,900,000 thousand tenge. As of 31 March 2020, there is no indebtedness with regard to loans.

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12 Borrowings (continued)

“Sberbank” SB JSC

In the first quarter of 2020, “Samruk-Energy” JSC received 6 short-term tranches under a revolving credit line for a total amount of 13,100,000 thousand tenge with SB Sberbank JSC for a period of 1 month at 9,8% interest rate, of which 11,300,000 thousand tenge were repaid ahead of schedule during the reporting period. As of March 31, 2020, the outstanding debt under principal to SB “Sberbank” JSC is KZT 5,800,000 thousand, the interest rate of which is 10,5% per annum.

13 Other payables and accrued liabilities

| <i>In thousands of Kazakhstani tenge</i> | 31 March 2020 | 31 December 2019 |
|---|--------------------------|-----------------------------|
| Payables to suppliers and contractors | 270 140 | 720,973 |
| Guarantee obligation for participation in tender | 147 886 | 159,653 |
| Other payables | 435 618 | 534,157 |
| Total other payables and accrued liabilities | 853 645 | 1,414,783 |

14 Dividend income

| <i>In thousands of Kazakhstani tenge</i> | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 |
|---|---|---|
| Dividends from “Ekibastuz SDPP-1 named after Bulat Nurzhanov” LLP | 29 000 000 | - |
| Dividends from “First Wind Power Plant” LLP | 1 016 790 | - |
| Dividends from “Almaty Power Plants” JSC | 610 921 | - |
| Total dividend income | 30,627,711 | - |

15 General and administrative expenses

| <i>In thousands of Kazakhstani tenge</i> | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 |
|--|---|---|
| Payroll and related expenses | 721 835 | 669 007 |
| Consulting and other services | 142 261 | 129 229 |
| Special purpose office services | 145 003 | 145 725 |
| Taxes | 7 539 | 83 788 |
| Information system maintenance services | 33 174 | 62 083 |
| Depreciation of PPE and amortization of IA | 90 376 | 116 913 |
| Business trip expenses | 35 426 | 35 362 |
| Staff training and related costs | 10 896 | 16 876 |
| Insurance | 9 389 | 10 046 |
| Others | 107 628 | 100 371 |
| Total general and administrative expenses | 1 303 526 | 1 369 400 |

16 Finance income

| <i>In thousands of Kazakhstani tenge</i> | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 |
|--|---|---|
| Amortization of discount on financial assets | 369 108 | 296 549 |
| Interest income on bonds and loans issued | 1 485 815 | 164 885 |
| Income on guarantees issued | 21 996 | 61 589 |
| Interest income on bank deposits | 33 891 | 254 944 |
| Others | 42 644 | 79 593 |
| Total finance income | 1 953 455 | 857 560 |

17 Finance expenses

| <i>In thousands of Kazakhstani tenge</i> | 3 months ended 31 March 2020 | 3 months ended 31 March 2019 |
|--|---|---|
| Interest expenses on loans and bonds | 3,401,174 | 3,590,673 |
| Amortization of discount of present value on loans and financial aid | 2,524,263 | 1,715,299 |
| Finance lease costs | 35,845 | 35,284 |
| Others | 18,588 | 22,277 |
| Total finance expenses | 5,979,869 | 5,363,533 |

18 Income tax

Income tax is a tax withheld at the source of payments on deposits. The Company is not expecting taxable profits in the future.

19 Contingencies, Commitments and Operating Risks

In addition to the information indicated below, as of March 31, 2020, there were no contingencies and commitments and operating risks other than those disclosed in the separate financial statements for the year ended December 31, 2019.

Litigation. The company is involved in certain other legal processes arising in the ordinary course of business. Management is of the opinion that no other current legal proceedings or other outstanding claims which may result in significant adverse impact on the Company's financial position.

Loan covenants. The Company has certain covenants on loans and bonds. Failure to comply with these covenants may result in negative consequences for the Company, including the growth of borrowing costs and the announcement of a default. As of 31 March 2020, the Company complied with the regulatory values of the loan covenants.

Long-term financial guarantees. At 31 December 2019 the Company has guarantees issued in relation to the loans “Shardarinsk HPP” JSC. Fair value of guarantees at initial recognition was determined as the amount resulted from application to the guaranteed amount of interest rates, being the difference the interest rate at which the borrower obtained a loan secured by the Company, and the interest rate that would be applied if the Company had not issued a guarantee. The cost of guarantees is deemed as an investment in a subsidiary.

19 Contingencies, Commitments and Operating Risks (continued)

| In thousands of Kazakhstani tenge | Long-term financial guarantee | | The amount of guaranteed liabilities | | Guarantee period | | Estimated rate under guarantee |
|--------------------------------------|----------------------------------|---------------------|---|------------------------|----------------------------|---------------------------------|--------------------------------------|
| | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 | Guarantee issue year | Guarantee validity period | |
| Company | | | | | | | |
| “Shardarinsk HPP” JSC | 1,400,048 | 1,439,752 | 23,358,750 | 23,717,500 | 2015 г. | 13 лет | 3% |
| Total | 1,400,048 | 1,439,752 | 23,358,750 | 23,717,500 | | | |

20 Fair value of financial instruments

Fair value measurement

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Fair value measurement at Level 2 and Level 3 of the fair value hierarchy was performed using the discounted cash flow model. The fair value of financial instruments with a floating interest rate that do not have quoted prices in an active market was assumed to be equal to the carrying amount. The fair value of fixed interest rate instruments that do not have quoted prices in an active market is based on a discounted cash flow model using current interest rates in the borrowing market for new instruments with similar credit risk and maturity.

| In thousands of Kazakhstani tenge | 31 March 2020 | | | | 31 December 2019 | | | |
|--|---------------|--------------------|----------|--------------------|------------------|--------------------|----------|--------------------|
| | Level 1 | Level 2 | Level 3 | Carrying value | Level 1 | Level 2 | Level 3 | Carrying value |
| Assets | | | | | | | | |
| Cash and cash equivalents | - | 298,901 | - | 298,901 | - | 1,298,005 | - | 1,298,005 |
| Fixed term deposits | - | 304 | - | 304 | - | 304 | - | 304 |
| Financial receivables | - | 11 205 756 | - | 11,529,309 | - | 11,240,997 | - | 11,487,529 |
| Dividends receivable | - | 30,623,645 | - | 30,623,645 | - | 405 | - | 405 |
| Receivables from subsidiaries under guarantees issued | - | 1,438,964 | - | 1,402,435 | - | 1,463,478 | - | 1,358,784 |
| Loans issued | - | 55,235,114 | - | 57,722,719 | - | 58,746,861 | - | 63,625,509 |
| Receivables from employees | - | 82,638 | - | 82,638 | - | 79,698 | - | 79,698 |
| Total financial assets | - | 98,885,321 | - | 101,659,950 | - | 72,829,748 | - | 77,850,234 |
| Liabilities | | | | | | | | |
| Borrowings | - | 196,658,965 | - | 206,644,399 | - | 185,367,803 | - | 207,398,917 |
| Lease obligations | - | 1,037,232 | - | 953,293 | - | 711,285 | - | 1,035,366 |
| Financial guarantees issued | - | 1,400,048 | - | 1,400,048 | - | 1,330,326 | - | 1,439,752 |
| Financial payables | - | 270,140 | - | 270,140 | - | 720,973 | - | 720,973 |
| Total financial liabilities | - | 199,366,385 | - | 209,267,880 | - | 188,130,387 | - | 210,595,008 |

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Financial assets carried at amortised cost. The fair value of floating rate instruments approximates their carrying amount. 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 risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortised cost. The fair value of Eurobonds is based on quoted market prices. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

21 Events after reporting date

In April 2020, “Samruk-Energy” JSC paid interest in the amount of 643,815 thousand tenge under the Credit Agreement No. 48308 d/d December 9, 2016 with the European Bank for Reconstruction and Development.

During April 2020, “Samruk-Energy” JSC paid loan fees under the Credit Line Agreements with Asian Development Bank in the following order: with regard to credit line A (Agreement dated 05.12.2018) payment in the amount of 553,800 thousand tenge, with respect to credit line B (Agreement dated 08.11.2018) payment in the amount of 528,876 thousand tenge; with respect to credit line C (Agreement dated 08.11.2018) payment in the amount of 567,770 thousand tenge.

22 Earning/ (loss) per share

Basic earnings/(loss) per share are calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share.

| | 3 months ended 31 March 2020 | 3 months ended 31 March 2020 |
|---|---------------------------------|---------------------------------|
| Earning per year attributable to the Company Shareholders (in thousands of Kazakhstani Tenge) | 25,268,719 | (4,923,429) |
| Weighted average number of ordinary shares in issue | 5,601,687 | 5,601,687 |
| Earning per year attributable to the Company Shareholders (rounded to tenge) | 4,511 | (879) |

23 Carrying value of one share

In line with the decision of the Exchange Council of “Kazakhstan Stock Exchange” JSC (KASE) dated October 4, 2010, the financial statements must include information about carrying value of one share (simple and preferred) at the reporting date calculated in accordance with the rules approved by KASE. As at March 31, 2020, this indicator, calculated by the management of the Company using the data of financial statements, amounted to Tenge 77,610 tenge (December 31, 2019: 73,094 tenge). Below table shows the calculation of the carrying value of one share::

| <i>In thousands of Kazakhstani tenge</i> | 31 March 2020 | 31 December 2019 |
|---|--------------------|---------------------|
| Total assets | 645,806,954 | 622,001,515 |
| Less: intangible assets | (740,484) | (763,873) |
| Less: total liabilities | (210 321 854) | (211,785,133) |
| Net assets for ordinary shares | 434,744,616 | 409,452,509 |
| Number of ordinary shares as at the end of the reporting period | 5,601,687 | 5,601,687 |
| Carrying value of one share, tenge | 77,610 | 73,094 |