SAMRUK-ENERGY JSC

International Financial Reporting Standards
Separate Financial Statements and
Independent Auditor's Report

31 December 2020

Contents

Independent auditor's report

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

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Samruk-Energy JSC (the "Company") as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's financial statements comprise:

- the separate statement of financial position as at 31 December 2020;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers LLP
34 Al-Farabi Ave., Building A, 4th floor, 050059, Almaty, Kazakhstan
T: +7 (727) 330-3200, F: +7 (727) 244 6868, www.pwc.com/kz

Our audit approach

Overview

Materiality	• Overall Company's materiality: 2,550,000 thousand Tenge, which represents 0.41 % of the carrying amount of the Company's total assets.
Key audit matters	• Impairment of investments in the subsidiaries. • Impairment of investment in the joint venture Station Ekibastuz GRES-2 JSC ("SEGRES-2").

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the separate financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the separate financial statements as a whole.

Overall Company materiality	2,550,000 thousand Tenge
How we determined it	0.41 % of total carrying value of assets
Rationale for the materiality benchmark applied	We chose the total carrying amount of the Company's assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users and is a generally accepted benchmark. We determined materiality as 0.41%. In practice, we chose 1%, which is consistent with quantitative materiality thresholds used for investment-oriented companies in this sector, however, in this case, we reduced this level down to 0.41% based on our materiality assessment as applied to the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*Audit procedures performed in relation to key audit matters*
Impairment of investments in subsidiaries *See Note 3 of the separate financial statements.* As of 31 December 2020, management of the Company performed impairment indicator analysis of investments in subsidiaries. Based on the analysis management of the Company has not identified any indicators of impairment for power generating and transmission companies. However, the change in price for commodities is the indicator of possible impairment of investment in Tegis Munay LLP, which is engaged in exploration and production of gas. We paid special attention to the issue of impairment of investment in subsidiary due to significance of their carrying value, as well as due to the fact that process of assessing by management the value in use of investments in subsidiaries is complex as it is based on the use of significant estimates and judgments with respect to future market and economic conditions and the results of operations of the Group.	The management of the Company performed impairment indicator analysis of investments in subsidiaries Ekibastuz GRES-1 named after Bulat Nurzhanov LLP ("EGRES-1"), Alatau Zharyk Company JSC and Almaty Power Stations JSC ("AlES") and performed impairment test of investment in subsidiary Tegis Munay LLP. Our procedures in respect of management's assessment of the impairment indicators of investments in subsidiaries included: • understanding has been obtained of a new methodology for determining the fixed profit accounted for in power energy tariff and checking the calculation of tariff by management based on the new methodology; • verification of accuracy and relevance of key assumptions used by management to perform the impairment indicator analysis; • consideration of economic and market trends in the energy sector. In addition for AlES we performed the following procedure: • understanding has been obtained of the draft amendments to the Law of the Republic of Kazakhstan "On Power Energy", which will provide the Company with a return on investment for the modernization of Almaty CHP-2 through the mechanism of the electrical power market. We made inquiry with the management and got the understanding that the draft amendments were approved by the Government of the RK and will be submitted to the Mazhilis of the Parliament of the RK for consideration.

Key audit matter	*Audit procedures performed in relation to key audit matters*
	We received, inspected and evaluated the model used by management's experts to assess the impairment of assets and assessed the methodology and the main assumptions used in the model, and their consistency with the budgets and business plans, external information and our expertise, taking into account the specifics of the industry. We engaged our valuation experts to form our conclusion in relation to the assumptions and methodology used for impairment assessment. Our procedures in respect of management's assessment of the impairment of investment in subsidiary included: • assessment of competence, qualifications, experience and objectivity of independent experts, involved by management; • analysis of determining identifiable groups of assets that generate cash inflows independently from the cash flows generated by other assets; • verification of accuracy and relevance of key assumptions used by management to perform the test; • consideration of other input data for the models and reconciliation of them with supporting documents, such as the Development plan and comparison of the Development plan with actual results, where relevant; • making a series of inquiries with management to assess the impairment tests; • comparison of actual performance for the year against prior year forecast; • consideration of the potential impact of reasonably possible changes in key assumptions. Also, we paid attention to the adequacy of disclosures in Note 3 to the separate financial statements in accordance with the requirements of IAS 36 "Impairment of Assets".

Key audit matter	*Audit procedures performed in relation to key audit matters*
Impairment of investment in SEGRES-2 *See Notes 3 of the separate financial statements.* Based on the analysis of impairment indicators as of December 31, 2020, the Company's management concluded that changes in the legislation, which regulates tariffs, as well as the uncertainty related with both the completion of the construction of power unit №3 and further sales of electricity that will be generated by power unit №3 are the indicators of possible impairment of non-financial assets of SEGRES-2 and, accordingly Company's investment in SEGRES-2. As of 31 December 2020, the carrying value of the Company's investment in SEGRES-2 amounts to Tenge 8,725,133 thousand. We paid special attention to the issue of impairment of the investment due to significance of its carrying value and the complexity of the process of evaluating its recoverable value.	We have reviewed the working papers of the component auditor and discussed the key assumptions and the methodology used in the impairment test models on property, plant and equipment of SEGRES-2, made by management of SEGRES-2. We assessed whether key assumptions are in line with our understanding of SEGRES-2 operations. We also discussed with management of the Company and the Audit Committee plans in respect of this investment. Also, we paid attention to the adequacy of disclosures in Note 3 to the separate financial statements in accordance with the requirements of IAS 36 "Impairment of Assets".

Other information

Management is responsible for the other information. The other information comprises annual report but does not include the separate financial statements and our auditor's report thereon. The annual report is expected to be made available to us after our audit report date.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers LLP

26 February 2021
Almaty, Kazakhstan

Approved and signed by:

Dana Inkarbekova
Managing Director
PricewaterhouseCoopers LLP

(General State License of the Ministry of Finance
of the Republic of Kazakhstan №0000005
dated 21 October 1999)

Executive auditor
(Qualification certificate
No. 0000492 dated January 18, 2000)

In thousands of Kazakhstani Tenge	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment		311,258	373,929
Intangible assets		636,073	763,873
Right-of-use assets		1,397,421	982,052
Investments in subsidiaries and joint ventures	6	548,148,318	541,364,649
Loans issued	7	39,172,956	47,955,694
Other non-current assets	8	2,236,269	2,160,716
Total non-current assets		**591,902,295**	**593,600,913**
Current assets			
Inventories		46,544	36,431
Loans issued	7	18,993,146	15,669,815
Other current assets	9	8,756,460	11,396,351
Cash and cash equivalents	10	1,595,249	1,298,005
Total current assets		**29,391,399**	**28,400,602**
TOTAL ASSETS		**621,293,694**	**622,001,515**
EQUITY			
Share capital	11	376,045,927	373,314,888
Other reserves		89,328,998	91,643,030
Accumulated loss		(45,082,442)	(54,741,536)
TOTAL EQUITY		**420,292,483**	**410,216,382**
LIABILITIES			
Non-current liabilities			
Borrowings	12	150,421,544	183,760,143
Lease liabilities		1,056,677	689,052
Non-current financial guarantee	20	1,304,607	1,469,449
Total non-current liabilities		**152,782,828**	**185,918,644**
Current liabilities			
Borrowings	12	45,993,024	23,638,774
Lease liabilities		417,342	346,314
Other payables and accrued liabilities		1,718,188	1,414,783
Liability to the shareholder		-	363,571
Other taxes payable		89,829	103,047
Total current liabilities		**48,218,383**	**25,866,489**
TOTAL LIABILITIES		**201,001,211**	**211,785,133**
TOTAL LIABILITIES AND EQUITY		**621,293,694**	**622,001,515**
Carrying amount of an ordinary share	23	**74,914**	**73,094**

Signed on behalf of management on 26 February 2021.

Aidar K. Ryskulov

Managing Director on Economics and Finance

Saule B. Tulekova

Head of Accounting and Tax Department
Chief Accountant

АКЦИОНЕРНОЕ ОБЩЕСТВО «САМРУК-ЭНЕРГО» АКЦИОНЕРЛІК ҚОҒАМЫ
«САМРУК-ЭНЕРГО»
БСН/БИН 070540008194
ҚАЗАҚСТАН РЕСПУБЛИКАСЫ * РЕСПУБЛИКА КАЗАХСТАН

In thousands of Kazakhstani Tenge	**Note**	**2020**	**2019**
Dividend income	13	34,943,973	47,449,224
Other operating income and expenses (net)	14	(643,112)	4,383,983
General and administrative expenses	15	(5,857,898)	(6,357,556)
Profit from reversal of/(loss from) impairment of financial assets (net)		(1,296,142)	1,126,631
Operating profit		**27,146,821**	**46,602,282**
Finance income	16	8,759,485	10,274,163
Finance costs	17	(23,101,107)	(22,692,988)
Profit before tax		**12,805,199**	**34,183,457**
Income tax expense	18	(79,874)	(248,008)
Profit for the year		**12,725,325**	**33,935,449**
Other comprehensive loss		(1,280)	(534)
Total comprehensive profit for the year		**12,724,045**	**33,934,915**
Profit per ordinary share for the year (in Kazakhstani Tenge)	23	2,272	6,058

In thousands of Kazakhstani Tenge	**Note**	**Share capital**	**Other reserves**	**Accumulated deficit**	**Total equity**
Balance at 1 January 2019		373,314,888	91,643,564	(86,635,985)	378,322,467
Profit for the year		**-**	**-**	**33,935,449**	**33,935,449**
Other comprehensive loss		-	(534)	-	(534)
Total comprehensive (loss)/profit for the year		**-**	**(534)**	**33,935,449**	**33,934,915**
Dividends declared		-	-	(2,041,000)	(2,041,000)
Balance at 31 December 2019		**373,314,888**	**91,643,030**	**(54,741,536)**	**410,216,382**
Profit for the year			-	12,725,325	12,725,325
Other comprehensive loss		-	(1,280)	-	(1,280)
Total comprehensive (loss)/income for the year		**-**	**(1,280)**	**12,725,325**	**12,724,045**
Share issue	11	2,731,039	(2,312,752)	-	418,287
Dividends declared	11	-	-	(3,066,231)	(3,066,231)
Balance at 31 December 2020		**376,045,927**	**89,328,998**	**(45,082,442)**	**420,292,483**

In thousands of Kazakhstani Tenge	**2020**	**2019**
Cash flows from operating activities:		
Profit before tax:	12,805,199	34,183,457
Adjustments for:		
Dividend income	(34,943,973)	(47,449,224)
Depreciation and amortisation	516,029	488,174
Finance costs	23,101,107	22,692,988
Finance income	(8,759,485)	(10,274,163)
Foreign exchange gain	(70,114)	(50,068)
(Profit from reversal of)/loss from impairment of assets	2,000,937	(5,617,311)
Loss on disposal of assets	-	208,351
Cash used in operating activities before working capital changes:	**(5,350,300)**	**(5,817,796)**
Increase in inventories	(10,113)	(5,104)
Decrease in trade and other receivables and other current and non-current assets	423,933	891,476
Increase/(decrease) in other payables	84,145	(1,585,943)
Decrease/(increase) in other taxes payable	(19,141)	23,568
Cash flows used in operating activities	**(4,871,476)**	**(6,493,799)**
Income tax paid	(120,492)	(455,208)
Dividends received	34,997,524	47,498,029
Interest paid	(12,691,428)	(12,337,811)
Net cash from operating activities	**17,314,128**	**28,211,211**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(240,284)	(148,299)
Proceeds from the sales of intangible assets	-	39,002
Proceeds from sales of debt instruments	384,601	-
Proceeds from sales of subsidiaries' shares	2,259,088	2,085,454
Loans and financial aid provided to subsidiaries and jointly controlled entities	(23,131,000)	(20,543,232)
Proceeds from the Shareholder at a non-reimbursable basis allocated for the acquisition of shares of Balkhash TPP JSC (Note 4)	-	70,196,400
Purchase of shares in Balkhash TPP JSC (Note 4)	-	(70,196,400)
Purchase of debt instruments of subsidiaries	-	(47,000,000)
Contribution to equity of subsidiaries and associates	(7,070,045)	(20,839,422)
Return of bank deposits, net	(5,000)	75,594
Interest received on deposits	140,239	369,905
Interest received from loans issued	5,837,020	4,057,152
Proceeds from repayment of financial assistance granted to subsidiaries and jointly controlled entities, bonds	29,156,826	24,311,413
Collection of receivables/(conversion of current deposits to financial receivables) - Tauba Invest LLP (Note 9)	222,961	1,516,580
Net cash from/(used in) investing activities	**7,554,406**	**(56,075,853)**
Cash flows from financing activities:		
Redemption of bonds and repayment of borrowings	(39,093,686)	(125,568,479)
Proceeds from borrowings and bonds issued	17,810,342	158,280,800
Dividends paid	(3,066,231)	(2,041,000)
Finance lease principal repayment	(214,060)	(205,531)
Other payments	(30,556)	(1,559,095)
Net cash from/(used in) financing activities	**(24,594,191)**	**28,906,695**
Effect of exchange rate changes on cash and cash equivalents	22,901	(323)
Net increase in cash and cash equivalents	297,244	1,041,730
Cash and cash equivalents at the beginning of the year	**1,298,005**	**256,275**
Cash and cash equivalents at the end of the year	**1,595,249**	**1,298,005**

1 Samruk-Energy and its Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2020 for Samruk-Energy JSC (the "Company").

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

The Company's sole shareholder is Samruk-Kazyna National Welfare Fund JSC ("Samruk-Kazyna"), which holds 100% of the Company's shares. The Company's ultimate controlling party is the Government of the RoK.

Principal activity

The Company is a holding company (the "Company") controlling the entities (Note 6) which carry out activities on production of electrical and heating power based using coal, hydrocarbons and water resources, and sale to households and industrial enterprises, transmission and technical distribution of electricity within the network, construction of hydro and heat power plants, construction and operation of renewable energy sources, and leasing of property of hydro power plants.

Registered address and place of business

15A, Kabanbay Batyr Avenue, Nur-Sultan, Republic of Kazakhstan.

Presentation currency

All amounts in these financial statements are presented in Kazakhstani Tenge ("Tenge"), unless otherwise stated.

2 Basis of Preparation and Significant Accounting Policies

Basis of preparation

These separate financial statements have been prepared in accordance with IFRS under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented.

The Company has prepared these separate financial statements for its management.

In addition, the Company has prepared the consolidated financial statements in accordance with IFRS for the Company and its subsidiaries (the "Group"). The operations of the subsidiaries defined as companies in which the Group, directly or indirectly, has an interest of more than one half of the voting shares or otherwise has power to govern the financial and operating policies, are fully consolidated in these consolidated financial statements. The Group's consolidated financial statements are available at the Company's office located at the following address: 15A, Kabanbay Batyr Avenue, Nur-Sultan, Republic of Kazakhstan.

These separate financial statements should be read in conjunction with the consolidated financial statements as of 31 December 2020 and for the year then ended, in order to obtain full information about the financial position, operational performance and changes in the overall financial position of the Company.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in notes. Actual results could differ from those estimates.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Going concern

Management prepared these 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 and Government support, as well as on the analysis of the impact of recent changes in macroeconomic conditions on future operations of the Company. As at December 31 2020, the Company's current liabilities exceed its current assets by Tenge 18,826,985 thousand. The main portin of current liabilities comprises borrowings received from subsidiaries under the cash pooling system on liquidity allocation within the Group. The short-term portion of borrowings received from subsidiaries at 31 December 2020 was Tenge 38,411,690 thousand (31 December 2019: Tenge 10,294,522 thousand)

Foreign exchange rates

At 31 December 2020, the principal rate of exchange used for translating foreign currency balances was US Dollar = Tenge 420.91 (31 December 2019: US Dollar = Tenge 381.18). Exchange restrictions and currency controls exist relating to converting the Tenge into other currencies. Currently, Tenge is not freely convertible in most countries outside of the Republic of Kazakhstan.

Property, plant and equipment

(i) Recognition and subsequent measurement

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and part of production overhead costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is written down. All other repairs and maintenance are charged to profit or loss for the reporting period as incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are recognised in profit or loss for the year within other income or expenses.

(ii) Depreciation

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Useful lives in years
Other property, plant and equipment	3 – 10

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The residual value of an asset set equal to zero, if the Company intends to use the object till the end of its physical useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) Impairment

At the end of each reporting period, management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of: an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Intangible assets

All of the Company's intangible assets have definite useful lives and primarily include capitalised computer software. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring it to use. All intangible assets are amortised using the straight-line method over their useful lives, estimated by the management as from 3 to 5 years. If impaired, the carrying amount of intangible assets is written down to the higher of: value in use and fair value less costs to sell.

Right-of-use assets

The Company leases various offices. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- costs to restore the asset to the conditions required by lease agreements,
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Buidlings and cosntructions (office facilities)	5 – 50

Investments in subsidiaries and entities

For the purpose of these separate financial statements, the Company accounted for these investments using historical cost convention less provision for impairment.

Financial instruments

(i) Key measurement terms

Depending on their classification financial instruments are carried at fair value, cost or amortised cost as described below.

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

2 Basis of Preparation and Significant Accounting Policies (Continued)

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. 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 solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period (Note 21).

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by, delivery of such unquoted equity instruments.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses *("ECL")*. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

2 Basis of Preparation and Significant Accounting Policies (Continued)

(ii) Financial assets

Measurement categories. The Company classifies financial assets in the following measurement categories: i) carried at fair value through profit or loss (FVTPL), ii) carried at fair value through other comprehensive income (FVOCI), iii) carried at amortised cost (AC). The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Business model. The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL. Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment.

Cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Company did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL. The Company assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Company measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the separate [i]statement of financial position net of the allowance for ECL.

The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

Financial assets - derecognition. The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification. The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

(iii) Financial liabilities

Measurement categories. Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

(vi) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Advances to suppliers

Advances to suppliers are carried at cost less provision for impairment. Advances are classified as non-current when the goods or services relating to the advances are expected to be obtained after one year, or when advances relate to an asset which will itself be classified as non-current upon initial recognition. Advances to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other advances are written off to profit or loss when the goods or services relating to the advances are received.

If there is an indication that the assets, goods or services relating to advances will not be received, the carrying value of the advances is written down accordingly, and a corresponding impairment loss is recognised in the profit or loss for the year.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the first in first out ("FIFO") basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Trade and other receivables

Trade and other receivables, except for prepaid taxes and advances to supplies, are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at current bank accounts. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets; balances restricted for more than three months but less than twelve months after the reporting period are included in other current assets.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The Board of Directors of the Company determines value per share and a number of shares to be issued on each individual share issue based on the statutory rules.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Extension and termination options are included in a number of property lease agreements across the Company. These terms are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at AC using the effective interest method; the difference between the amount of funds received (net of transaction costs) and the redemption amount is recognized in profit or loss during the loan period using the effective interest method.

In accounting for loans from the shareholders with off market terms, the Company records gain/(loss) on origination in equity as a capital contribution/(distribution). The method used reflects the transaction's economic substance and is applied consistently to all similar transactions and is disclosed in the financial statements.

General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets. Other borrowing costs are recognized as an expense using the effective interest method. The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. The commencement date for capitalisation is when (a) the Company incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Trade and other payables

Trade and other payables are accrued when the counterparty performed its obligations under the contract. Trade and other payables, except for advances received, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Staff costs and related contributions

Wages, salaries, contributions to pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company.

On behalf of its employees, the Company withholds and transfer those statutory pension and post-employment benefit amounts prescribed by the legal requirements of the Republic of Kazakhstan. Upon retirement, the financial obligations of the Company cease and all subsequent payments to retired employees are administered by the national and private pension funds.

Income taxes

Income taxes have been provided for in these separate financial statements in accordance with legislation of the Republic of Kazakhstan enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the state budget in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Financial guarantees

Financial guarantees are irrevocable contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

Transactions with Shareholder

The accrual of expenses or the distribution of assets at the discretion of the shareholder, including fixed assets, business combinations, interests in other entities and disposal groups, cash and other, are recognised in retained earnings as "Other equity distributions".

3 New Accounting Pronouncements

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Company:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).
- Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).
- COVID-19-Related Rent Concessions – Amendment to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Company has not early adopted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

IFRS 17 "Insurance Contracts"(issued on 18 May 2019 and effective for annual periods beginning on or after 1 January 2021). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

3 New Accounting Pronouncements (Continued)

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

- *Effective date:* The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
- *Expected recovery of insurance acquisition cash flows:* An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.
- *Contractual service margin attributable to investment services*: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.
- *Reinsurance contracts held – recovery of losses:* When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.
- *Other amendments:* Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

3 New Accounting Pronouncements (Continued)

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022). The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

3 New Accounting Pronouncements (Continued)

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

- *Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform:* For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

3 New Accounting Pronouncements (Continued)

- *End date for Phase 1 relief for non contractually specified risk components in hedging relationships:* The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.

- *Additional temporary exceptions from applying specific hedge accounting requirements:* The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

- *Additional IFRS 7 disclosures related to IBOR reform:* The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the separate financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are 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 judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the separate separate statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

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.

Assessment of impairment indicators also requires the use of judgments and estimates in determining possible technological obsolescence of property, plant and equipment, discontinuing 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 year 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.

Actions aimed at containment of COVID-19 significantly restrict economic activity in Kazakhstan, as well as they have and may continue to have a negative impact on businesses and Group's clients, as well as Kazakhstan and world economy for an uncertain time period. Therefore, future cash flows may be decreased and operating and other expenses may be increased, causing impact on the nature of electricity tariff regulation by the Government to support economy.

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

As specified in the Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended on 31 December 2020, the management of the Group draw a conclusion that as at the reporting date there are indicators of impairment of property, plant and equipment of Tegis Munay LLP and investments in joint venture Station Ekibastuz GRES-2 JSC ("SEGRES-2"). In order to prepare these separate financial statements, the management of the Company has considered this fact as an indication of a possible impairment of investments in these entities.

The Company's management considers investment in every subsidiary and joint venture as a single cash generating unit since it is the smallest identifiable assets that generates cash inflows largely independent of the cash flows of other assets and it is the lowest level at which every subsidiary monitors recovery of the assets' cost. Management estimated the recoverable amount of investment in subsidiaries and joint ventures based on value in use determined as estimated discounted future cash flows that the Company expects to obtain from their use.

The Company engaged independent experts to conduct the impairment test of Tegis Munay and SEGRES-2, and to perform the analysis of the impairment indicators of property, plant and equipment of subsidiaries Ekibastuz GRES-1 named after Bulat Nurzhanov LLP ("EGRES-1"), Alatau Zharyk Company JSC and AlES JSC in accordance with IAS 36 "Impairment of Assets". The recoverable amount of investments in subsidiaries and joint ventures was determined using the estimate of expected future cash inflows and outflows from use of the assets, discount rate and other factors.

Analysis of the impairment indicators of investments in AlES, EGRES-1 and AZhC

The principal facts and assumptions used in the analysis of the impairment indicators are:

- lack of negative changes in the economic efficiency of subsidiaries for the reporting period;
- changes in interest rates on loans and long-term inflation rate are not significant;
- lack of significant changes having adverse consequences for subsidiaries, which occurred during the period or may presumably occur in the nearest future;
- approval by the Order of the Ministry of Energy No.205 dated 22 May 2020 of new estimation methodology for the fixed profit accounted for in power energy tariff (the "Methodology"), effective from 2021. The fixed profit is calculated based on involved assets of energy producing entities considering the weighted average return on capital rate (WACC) that will enable the Group receiving fixed profit for current assets and for commissioned new assets (RAB-regulation).

The Methodology provides for the coverage of production costs, including amortisation expenses, and fixed profit set at the level of the base of involved assets of energy producing entities multiplied by weighted average return on capital rate (WACC). As a result, the methodology provides for the receipt of fixed profit after covering all costs, except for interest expenses.

In 2020, the Group engaged an independent expert to measure the fair value of assets included in the base of involved assets under new methodology. According to estimates based on the fair value of the base of involved assets, the Group's management expects significant increase in the cap electricity tariff against inclusion of profitability level pursuant to methodology. Complete transition to RAB-regulation and tariff approval according to new methodology is expected from 1 July 2021.

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

Additional facts and assumptions used in the analysis of the impairment indicators on AlES JSC:

- electricity sales volumes and tariffs, services on maintenance of electrical capacity, heat energy and chemically purified water, and amount of capital expenses comply with the Company's management budget used in the last measurement of the recoverable value of the Company's assets;

Additional facts and assumptions used in the analysis of the impairment indicators on EGRES-1:

- Overachievement of target on main operational and financial performance indicators as of 31 December 2020;
- The forecasted mid-term growth of demand for electricity in northern and southern areas of the Republic of Kazakhstan, as well as forecasted increase in electricity sales volumes due to work in seven-block mode and available capacity;
- Expectation of an individual tariff for services on maintenance of electrical capacity from 2025 due to the completion of the investment project "Restoration of Power Unit 1 with the installation of new electrostatic precipitators" using borrowing funds. In accordance with the Rules of the Ministry of Energy, on 30 January 2020 an application for the Market Council was submitted. Currently, a recommendation from the Market Council has been received on further consideration of application for an individual tariff for services on maintenance of electrical capacity by the Ministry of Energy.

Based on analysis performed with respect to internal and external impairment indicators, the Group's management concluded that there are no impairment indicators as of the analysis date. Therefore, the Company's management decided not to perform the impairment test of property, plant and equipment and intangible assets of, and accordingly of investments in these subsidiaries as of 31 December 2020.

Analysis of impact from modernisation of Almaty CHP-2

In the course of the analysis of the impairment indicators of the investment in AlES JSC, management performed the analysis of impact from modernisation of Almaty CHP-2.

For the execution of the instructions of the President of RK on taking actions to minimize emissions to atmosphere, the Company develops feasibility study ("FS"). At the first stage of the project, four modernization options for CHP-2 with the minimization of the environmental impact have been considered: transition of the existing boilers to gas flaring, reconstruction of the existing boilers with the installation of gas-handling equipment, extension of CHP-2 with the construction of CCGT plants and installation of additional gas-handling equipment without transition to natural gas and construction of a new gas-based plant. As a result of comparison of the implementation cost and environmental emissions, the first option of the reconstruction of existing boilers with their transition to gas flaring has been selected. The estimated cost of the project selected according to FS "Modernisation of Almaty CHP-2 with the minimization of the environmental impact of "Almaty Power Stations" JSC ("AlES) amounts to Tenge 131 billion. As of the date of this report, FS is at the stage of completion considering comments received from "Gosexpertise" RSE, and project cost is subject to adjustment.

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

On 20 October 2020, the Government of RK headed by the Prime-Minister, Mamin A.U., approved the first stage of the modernization of existing boilers of CHP-2 with transition to gas and construction of gas infrastructure. During the meeting, the Prime-Minister put the Ministry of Energy jointly with public authorities involved, JSC "SWF "Samruk-Kazyna" in charge of addressing the issue of making amendments, under procedure set by the legislation, to the Law of RK "On Power Energy" in terms of enabling the implementation of projects for the operating energy-producing organizations aimed at the settlement of ecological situation though the mechanism of electrical power market.

The Prime-Minister has also put "Samruk-Energy" JSC jointly with the Ministry of Energy, under the established procedure, in charge of continuing the work on raising bank borrowings to finance the project of CHP-2 transition to gas, including provision of gas infrastructure.

In accordance with the instructions of the Prime-Minister of RK, the Ministry of Energy of RK prepared draft amendments to the Law of RK "On Power Energy" for the purposes of implementing project on the modernization of Almaty CHP-2. Draft amendments provide for an individual power tariff for the energy-producing organisations implementing investment projects on modernization and/or reconstruction of principal generating and additional equipment engaged in the electric energy generation to replace the type of principal fuel for the reduction of emission volumes. As of the date of this report, draft amendments to the Law of RK "On Power Energy" has been approved by the Government of RK and will be submitted to the Majilis of the Parliament of RK for consideration.

Making amendments to the Law of RK "On Power Energy" will ensure for the Company the return of borrowings and return on investments in future using the mechanism of electrical power market.

Based on the abovementioned, management does not expect any significant adverse consequences for the Company.

Impairment test of investments in SEGRES-1

As stated in Note 6, the Group has the investment in the joint venture SEGRES-2. As at 31 December 2020, the carrying amount of this investment is Tenge 8,725,133 thousand. Management of SEGRES-2 reviewed the indicators of impairment, including dynamics of electricity tariffs and market demand. Uncertainties associated with both completion of power unit No.3 and sale of electricity generated by power unit No. 3 indicates a potential impairment of SEGRES-2 property, plant and equipment, consequently, possible impairment of the Group's investment in SEGRES-2.

As result, management tested property, plant and equipment of SEGRES-2 for impairment as at 30 November 2020 within a single cash-generating unit.

Management of SEGRES-2 used the value in use of cash generating unit to estimate the recoverable amount. The estimated recoverable amount of property, plant and equipment exceeded their carrying amount upon the results of the impairment test as of 30 November 2020. However, any adverse change in principal assumption may lead to impairment. Principal assumptions with respect to the recoverable amount were as follows:

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

Electricity tariffs – for the purpose of calculating the recoverable amount of assets, the Company's management used the following electricity tariffs:

- Weighted average tariff for 2020 was Tenge 8.43 per 1 kWh, which represents the actual tariff applicable to electricity sale by the Group in 2020 and does not exceed the cap tariff of Tenge 9.13 per 1 kWh established and approved by the Ministry of Energy for 2019-2025.
- Projected weighted average tariffs for subsequent periods are as follows:

	2021	2022	2023	2024	2025	2026	2027	2028
Electricity tariff (Tenge/kWh)	9.13	9.13	9.13	9.13	9.13	11.40	14.91	16.17
Tariff for the power capacity (thousand Tenge per 1 MW a month)	590	622	655	690	726	3,711	3,675	3,641

	2029	2030	2031	2032	2033	2034	2035
Electricity tariff (Tenge/kWh)	16.45	16.73	17.00	17.25	17.55	17.96	18.51
Tariff for the power capacity (thousand Tenge per 1 MW a month)	3,609	3,579	3,555	3,534	3,525	1,136	1,199

The forecast of tariff was based on management's expectations for resumption of the project on construction of power unit No.3 in 2023. A significant increase in the tariff for power capacity in 2026 is due to the expected commissioning of power unit No.3 and changes in the tariff structure, which is related to introduction of power capacity market in the Republic of Kazakhstan. According to the Law of the Republic of Kazakhstan *On Electric Power Industry,* the Group is able to obtain an individual tariff for the power capacity. Establishing an individual tariff is possible provided the completion of power unit No.3 with the capacity of 630 MW and conclusion of an investment agreement with the competent authority. Calculation of individual tariffs, in addition to operating expenses of the Company, takes into account the necessary amount to cover the costs which are associated with the investment component and incurred for the completion of Power Unit 3. A decrease in the tariffs for electricity and power capacity within the acceptable range by 10% will result in additional loss on impairment of investment of not more than Tenge 9,818,568 thousand.

Electricity production and sales volumes – for the calculation of the recoverable amount of assets, the Company considered forecasted volumes of production/sales of electricity by power unit No.3 and relevant investments needed to complete construction. The Company used the following estimated volumes of electricity sales for the calculation of the recoverable amount of assets:

SEGRES-2	2021	2022	2023	2024	2025	2026	2027	2028
Sales of electricity (mln. kWh)	6,427	5,923	5,921	5,922	6,039	5,926	6,066	6,209
Sales of electrical power capacity (MW)	625	641	650	671	701	1,309	1,334	1,360

SEGRES-2	2029	2030	2031	2032	2033	2034	2035
Sales of electricity (mln. kWh)	6,355	6,505	6,658	6,815	6,976	7,141	7,309
Sales of electrical power capacity (MW)	1,387	1,415	1,444	1,475	1,500	1,500	1,500

Management believes that production and sales volumes during the forecast period prior to commissioning of the Power Unit No.3 will be stable. After the launch of the power unit No.3, SEGRES-2 does not predict any significant increase in electricity volumes, however the electricity production volume will be distributed among the three power units of the company.

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

Discounting rate – the discount rate of 14.19%, was estimated taking into consideration the current market assessment of risks inherent to SEGRES-2 on the basis of the weighted average cost of capital for the industry. In the future, to reflect changing risks inherent to the industry and changes in the weighted average cost of capital, further changes in the discounting rate may be required.

Impairment test for investments in Tegis Munay

Proved and probable gas reserves are used in the impairment test. There are many uncertainties associated with the estimation of gas reserves, in particular assumptions that are valid at the time of the assessment, may change significantly when new information is available. Changes in forecast commodity prices, exchange rates, production costs or return rates can change the economic condition of reserves and eventually lead to changes in reserves.

The Company's management makes estimates and assumptions concerning the future. By definition, accounting estimates rarely equal the corresponding actual results. Such estimates and assumptions are constantly measured and based on historical experience and other factors, including expectations of future events that are considered reasonable in the current environment. The recoverable amount was measured using value in use.

The recoverable amount was calculated using the discounted cash flow model based on proved and probable reserves using estimated oil and gas prices and a post-tax discount rate of 14.6% (2019: 13.9%). Based on the results of impairment testing, the Company recognised impairment loss on the investment in Tegis Munay of Tenge 704,664 thousand. The Company recorded impairment loss on the investment within other expenses.

An increase in the discount rate of 1% would lead to an impairment of Tenge 3,499,424 thousand. A 10% reduction in oil prices would lead to an impairment of Tenge 5,169,852 thousand. A 10% decrease in sales volumes woul lead to an impairment of Tenge 5,255,844 thousand.

According to the calculated value in use, the following forecast prices for oil sales in US dollars per barrel, which was based on the Consensus economics price forecasts of 31 December 2020, and management also suggested that the gas export prices at the Chinese border are related to the oil price, due to high correlation between them, which is supported by the analysis.

In US Dollars	**2024**	**2025**	**2026**	**2027**
Oil Price per Barrel (Brent)*	56.76	64.57	65.93	67.31
Estimated export gas price at the Chinese border per thousand m3	195	208	224	229

**source: Bloomberg*

Gas production commencement terms

It is forecasted that natural gas production will commence in 2024, and it is assumed that 65% of gas production will be exported starting from 2024.

The gas production commencement is postponed because the contract territory is included in the territory of South-Kazakhstan state conservation area, where it is prohibited to perform field facilities construction and development prior to territory separation from the conservation area. Currently, starting from 2008, the authorized public bodies perform work on expansion of conservation area borders considering the separation of the contract territory.

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

Therefore, Tegis Munai contacted the Ministry of Energy of RK ("ME RK") with the question of the relevance of production period commencement extension, field facilities construction for gas production, postponement of deadline for the implementation of working program and contract's validity period since the issue of contract territory separation is not settled yet. In September 2020, the subsurface use expert commission of ME RK decided to postpone the following financing liabilities: education; R&D; social and economic development of the region, and an abandonment was given in terms of working program amendment on investment liabilities under subsurface use contract.

On 3 December 2020, Tegis Munai has sent an application to the Supreme Court of RK on invalidation of the ME RK abandonment in terms of working program amendment on investment liabilities under subsurface use contract. On 30 December 2020, Tegis Munai received force-majeure certificate from the Chamber of Commerce of Kazakhstan LLP comprising Atameken NCE confirming that Tegis Munai is not able to perform subsurface use contract commitments prior to the contract territory separation from the conservation area and is not able to perform subsurface use operations. Force-majeure circumstances are in force until the contract territory separation from the conservation area.

Balkhash Thermal Power Plant

On 29 October 2019, the Company acquired 50% + 1 share of BTPP from Samsung C&T and became the owner of 100% interest in BTPP. As of the acquisition date, BTPP was on the brink of bankruptcy and did not actually perform any significant activities. Since 2017, creditors and suppliers have repeatedly sued due to the insolvency of BTPP, which in turn led to the seizure of property, and also significantly limited the activities of BTPP. On 6 December 2019, a temporary administrator was appointed by the court to control and conduct the bankruptcy process.

Due to the enactment of quarantine measures and actions taken by state to support national economy, according to the Decree of the Government of the Republic of Kazakhstan dated 14 July 2020 No.443 it was ordered to suspend until 1 October 2020 the bringing before the court by creditors represented by public authorities and quasi-public sector entities of bankruptcy petitions with respect to legal entities and individual entrepreneurs, hence BTPP bankruptcy procedure has been temporarily suspended. As of 31 December 2020, legal proceedings on BTPP are not permitted yet and thus according to the management the Group does not have control and investments in BTPP are impaired in full.

5 Balances and Transactions with Related Parties

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

The related parties include the companies under control of Samruk-Kazyna. 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 related entities because the Government 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.

5 Balances and Transactions with Related Parties (Continued)

At 31 December 2020, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	**Shareholder**	**Companies under common control**	**Subsidiaries and Joint ventures**
Loan issued to subsidiaries	-	-	56,246,478
Trade receivables	-	-	1,542,542
Interest income on loans issued	-	-	405,887
Dividends receivable	-	-	449
Trade payables	-	7,372	297,753
Borrowings and bonds	67,887,857	-	38,411,690

At 31 December 2019, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	**Shareholder**	**Companies under common control**	**Subsidiaries and Joint ventures**
Loan issued to subsidiaries	-	-	61,726,090
Trade receivables	-	-	3,334
Other asset held for the benefit of Shareholder	363,571	-	-
Other non-current assets	-	-	1,358,784
Interest income on loans issued	-	-	267,373
Dividends receivable	-	-	405
Trade payables	-	4,604	220,614
Liability to the Shareholder	363,571	-	-
Borrowings and bonds	64,876,984	-	43,763,045

The income and expense items with related parties for the year ended 31 December 2020 were as follows:

In thousands of Kazakhstani Tenge	**Shareholder**	**Companies under common control**	**Subsidiaries and Joint ventures**
Dividend income	-	-	34,943,973
Finance income	-	-	6,730,767
Finance cost	6,822,113	-	4,700,278
Impairment losses (financial assets)	-	-	(23,624)
General and administrative expenses	-	38,434	787,810
Foreign exchange gains (net)	-	-	53,774

The income and expense items with related parties for the year ended 31 December 2019 were as follows:

In thousands of Kazakhstani Tenge	**Shareholder**	**Companies under common control**	**Subsidiaries and Joint ventures**
Dividend income	-	-	47,449,224
Finance income	-	-	7,998,732
Finance cost	6,432,969	-	4,006,264
Impairment losses	-	-	419,062
General and administrative expenses	-	124,508	802,762
Foreign exchange gains (net)	1,040,400	-	48,789

5 Balances and Transactions with Related Parties (Continued)

The Company also provided guarantees to its subsidiaries as disclosed in Note 19.

Key management personnel compensation for the year ended 31 December 2020 represents the salaries, bonuses and other short-term employee benefits and amounts to Tenge 210,832 thousand (31 December 2019: Tenge 139,906 thousand). Key management personnel as at 31 December 2020 include 5 persons (31 December 2019: 5 persons).

6 Investments in Subsidiaries and Joint ventures

Table below summarises the cost of investments as at 31 December 2020:

			31 December 2020		31 December 2019	
	Acquisition date	Country of registration	Cost of investments (in thousands of Tenge)	Percentage of ownership	Cost of investments (in thousands of Tenge)	Percentage of ownership
Subsidiaries						
Ekibastuzskaya GRES-1 named after Bulat Nurzhanov	31.10.2012	Kazakhstan	333,382,126	100%	333,382,126	100%
Alatau Zharyk Company JSC	29.07.2009	Kazakhstan	62,914,945	100%	58,974,235	100%
Almaty Power Stations JSC	26.07.2011	Kazakhstan	34,061,653	100%	34,061,653	100%
Moinak HPS JSC	04.01.2008	Kazakhstan	21,864,616	100%	21,864,616	100%
Tegis Munay LLP	29.12.2012	Kazakhstan	17,373,473	100%	17,137,421	100%
First Wind Turbine LLP	28.05.2016	Kazakhstan	14,914,271	100%	14,914,271	100%
Shardara HPS JSC	03.06.2011	Kazakhstan	2,524,772	100%	2,524,771	100%
Ereymentau Wind Power LLP	28.05.2016	Kazakhstan	6,658,306	100%	3,780,724	100%
Bukhtarminskaya HPS JSC	04.01.2008	Kazakhstan	1,050,790	90%	1,050,790	90%
KazGidroTekhEnergo LLP	31.03.2014	Kazakhstan	299,565	100%	283,864	100%
AlmatyEnergoSbyt LLP	26.07.2011	Kazakhstan	136,003	100%	136,003	100%
Energy Solutions Center LLP	16.03.2019	Kazakhstan	52,998	100%	52,999	100%
Joint ventures and associates						
Forum Muider B.V.	23.12.2008	Netherlands	41,759,543	50%	41,759,543	50%
Ekibastuz SEGRES-2 JSC	04.01.2008	Kazakhstan	8,725,133	50%	8,725,133	50%
Energiya Semirechiya LLP	28.05.2016	Kazakhstan	2,411,010	25%	2,411,010	25%
Impaired investments						
Balkhash Termal Power Plant (Note 4)	24.06.2008	Kazakhstan	32,085,280	100%	32,085,280	100%
Samruk-Green Energy LLP	13.06.2012	Kazakhstan	5,684,653	100%	2,953,614	100%
Shulbinskaya HPS NJSC	04.01.2008	Kazakhstan	1,230,658	92.14%	1,230,658	92.14%
Ust-Kamenogorskaya HPS JSC	04.01.2008	Kazakhstan	465,019	89.99%	465,019	89.99%
Less:						
Impairment of investments			(39,446,496)		(36,429,081)	
Total investments			**548,148,318**		**541,364,649**	

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

- SEGRES -2 - 50%. The remaining 50% share is held by Samruk-Kazyna National Welfare Fund JSC.
- Forum Muider - 50%. The remaining 50% is held by UC RUSAL.

In December 2019, Samruk-Kazyna SWF acquired a 50% ownership interest from Inter-RAO UES for USD 25 million.

The Company has a share in the associated company Energiya Semirechiya LLP (25%). Energiya Semirechiya LLP plans to build a renewable energy station. The shareholders of Energiya Semirechiya LLP are Hydrochina Corporation (50%), Samruk Energy JSC (25%), Powerchina Chegdu Engineering Corporation (15%), and Powerchina Resourses Ltd (participation 10%). The Company's ownership interest in Energiya Semirechiya LLP has not changed due to the proportional contribution to the authorized capital by all shareholders according to their ownership interests.

On 19 August 2020, SEGRES-2 made full early repayment of indebtedness to Vnesheconombank and Eurasian Development Bank by raising borrowings from Halyk Bank of Kazakhstan JSC.

7 Loans Issued

In thousands of Kazakhstani Tenge	**31 December 2020**	**31 December 2019**
Non-current portion		
Loan issued to Alatau Zharyk Company JSC	5,231,035	4,777,939
Loan issued to First Wind Turbine LLP	-	1,757,608
Bonds of Moinak HPP JSC	33,000,000	40,000,000
Accrued interest on loan to First Wind Turbine LLP	-	5,289
Bonds of Mangistau Electricity Distribution Company JSC	686,610	1,220,424
Bonds of Special Financial Company DSFK LLP	418,604	395,094
Bonds of Tsesnabank JSC	24,909	21,536
Less: impairment provision	(188,202)	(222,196)
Total Loans issued – non-current borrowings	**39,172,956**	**47,955,694**
Current portion		
Loan issued to Shardara HPS JSC	950,000	-
Loan issued to Almaty Power Stations JSC	3,400,000	3,000,000
Bonds of Moinak HPP JSC	7,000,000	7,000,000
Loan issued to Ekibastuz GRES-1	7,000,000	4,000,000
Loan issued to Moinak HPP JSC	-	1,400,000
Bonds of Mangistau Electricity Distribution Company JSC	384,600	-
Loan issued to Balkhash Termal Power Plant JSC	377,301	377,301
Accrued interest on loans issued	246,998	177,360
Accrued interest on bonds	182,055	210,523
Financial assistance to Ust-Kamenogorskaya HPS JSC	30,390	30,390
Loans issued to Zhambyl GRES named after T.I.Baturov JSC	5,442	5,442
Less: impairment provision	(583,640)	(531,201)
Total Loans issued – current borrowings	**18,993,146**	**15,669,815**

Bonds of Moinak HPP JSC

On 18 June 2019, the Company acquired bonds of Moinak HPP JSC issued on the AIX site for Tenge 47,000,000 thousand, with a maturity of 7 years, coupon rate of 11% per annum.

Bonds of Tsesnabank JSC

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. The carrying amount of the bonds is the present value of future cash flows discounted at 14 %. on 18 January 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.

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 December 2020 is Tenge 5,281,507 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.

Loan issued to First Wind Turbine 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. In 2020, PVES LLP repaid debt principal and accrued interest of Tenge 1,828,288 thousand in advance.

7 Loans Issued (Continued)

Debt reconciliation

The table below sets out an analysis of net debt and the movements in the Company's assets from financing activities for each of the periods presented. The items of these assets are those that are reported as financing in the statement of cash flows.

In thousands of Kazakhstani Tenge	**2020**	**2019**
Loans at 1 January	**63,625,509**	**20,079,012**
Loans issued	23,131,000	20,543,232
Purchase of debt instruments	-	47,000,000
Repayment of loans and bonds purchased	(29,156,826)	(24,311,413)
Interest obtained	(5,837,019)	(4,057,152)
Sales of debt instruments	(384,601)	
Interest income on loans issued and bonds	5,832,282	3,434,009
Income/(loss) from modification of loans issued	105,291	(112,755)
Derecognition income	-	365,541
Finance income on amortization of discount on financial assistance provided	879,656	499,555
Other movements	(10,745)	(196,633)
(Accrual for)/reversal of impairment provision (net)	(18,445)	382,113
Loans at 31 December	**58,166,102**	**63,625,509**

8 Other Non-Current Assets

In thousands of Kazakhstani Tenge	**31 December 2020**	**31 December 2019**
Trade receivables from acquirers of disposed subsidiaries	727,652	733,735
Receivables under financial guarantee issued to First Wind Turbine LLP	1,547,542	1,363,280
Other receivables from employees	71,814	79,698
Less: provision for impairment	(110,739)	(15,997)
Total other non-current financial assets	**2,236,269**	**2,160,716**

At 31 December 2020, accounts receivable of Tenge 727,652 thousand are financial receivables from Inform System LLP with the internal rating of 'SK A'. At 31 December 2020, receivables are neither past due nor impaired and are fully denominated in Tenge.

9 Other Current Assets

In thousands of Kazakhstani Tenge	31 December 2020	31 December 2019
Trade receivables from acquirers of disposed subsidiaries	9,022,234	9,952,869
Receivables from Tauba Invest	760,025	1,038,725
Term deposits	5,304	304
Dividends receivable	449	405
Less: provision for impairment	(1,360,055)	(226,299)
Total other current financial assets	**8,427,957**	**10,766,004**
Assets held for the benefit of the Shareholder	-	363,571
Advances paid	20,074	25,864
Other	308,429	240,912
Total other current assets	**8,756,460**	**11,396,351**

Trade and other receivables

Other accounts receivable primarily comprise the short-term portion of the debt of East Kazakhstan Energy Company LLP (EKEC) of Tenge 8,965,447 thousand for the shares of EKREC JSC, which were sold during 2017, as well as receivables from Tauba Invest LLP of Tenge 760,025 thousand.

The receivables from Tauba Invest LLP are secured by the pledge agreement for immovable property dated 26 April 2018. In the reporting period, Tauba Invest LLP paid off Tenge 222,961 thousand. Due to the lack of relevant information on Tauba Invest LLP in calculating the expected credit loss model, the Company assigned a 'SK D' rating and recognized an impairment of Tenge 183,865 thousand.

According to the East Kazakhstan Energy Company LLP’s request on payment deferral due to negative consequences because of force majeure circumstances related to COVID-19 pandemic, the Company’s management decided to extend debt maturity until 1 October 2021 subject to purchase price indexation. As of 31 December 2020, the carrying amount of receivables from East Kazakhstan Energy Company LLP is Tenge 8,965,447 thousand. As of 31 December 2020, the Company assigned a ‘SK C’ rating and recognised impairment provision on receivables from East Kazakhstan Energy Company LLP of Tenge 1,176,189 thousand.

Asset held for the benefit of the Shareholder

Under the instruction of the Shareholder, the Company assumed an obligation to construct a kindergarten in Nur Sultan. The Company recognised the liability for the estimated construction cost of Tenge 1,184,095 thousand as other distributions for the benefit of the shareholder. The Company recognised the expenses incurred during the construction of a kindergarten as current assets held for the benefit of the Shareholder. Pursuant to the gift agreement No. 56 dated 28 August 2019, the Company transferred to the State Institution, Department of Asset Management and Public Procurement of Nur-Sultan city a part of the Asset, specifically, a kindergarten building with technical equipment and boiler equipment for a total amount of Tenge 820,524 thousand. According to clause 11 of IFRIC 17 “Distribution of non-monetary assets to owners”, the Company shall evaluate the obligation to distribute non-monetary assets as a dividend for the benefit of its owners at the fair value of the assets distributed. The management of the Company believes that the assessment of the fair value of the kindergarten is equal to the carrying amount since neither the Company nor its Sole Shareholder derive any economic benefit from this transaction, and it was made exclusively at the request of the ultimate shareholder, the Government of the Republic of Kazakhstan. Involvement in social projects is a common practice among shareholder groups. In addition, 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 carrying amount below fair value does not negatively affect the interests of any other shareholders because there is only one Shareholder in the Company.

In 2019, the Company transferred a part of the Asset, a kindergarten building with technical equipment and boiler equipment for the total amount of Tenge 820,524 thousand to the State Institution, Department of Asset Management and Public Procurement of Nur-Sultan city. During 2020, the Company completed the transfer of the remaining part of the Asset, a transformer substation and engineering networks to Akimat of Nur-Sultan represented by State Institution, Department of Asset Management and Public Procurement of Nur-Sultan city for a total amount of Tenge 363,571 thousand.

10 Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	**31 December 2020**	**31 December 2019**
Cash at current bank accounts – Tenge	526,439	385,541
Cash at current bank accounts – US Dollar	12	2,280
Cash on hand	2,737	5,413
Cash at current bank accounts – Euro	516,304	145
Term deposits up to 3 months - Tenge	550,000	905,001
Less: provision for impairment	(243)	(375)
Total cash and cash equivalents	**1,595,249**	**1,298,005**

The credit quality of cash and cash equivalents balances may be summarised as follows as of 31 December 2020. At 31 December 2020 and 2019, cash and cash equivalents are not past due.

In thousands of Kazakhstani Tenge	**Rating (S&P)**	**31 December 2020**	**31 December 2019**
Neither past due nor impaired:			
Halyk Bank	BB+	18,302	80,708
Alfa-Bank	BB-	556,064	8,571
Sberbank SB	BBB-	500,442	104
ATF Bank	B-	921	930
Altyn Bank JSC	BBB-	221	318
VTB Bank JSC SB (Kazakhstan)	BB+	516,171	300,007
ForteBank JSC	B-	634	902,633
Total cash and cash equivalents		**1,592,755**	**1,293,271**

11 Share Capital

At 31 December 2020, 5,601,812 issued common shares were fully paid in the amount of Tenge 376,045,927 thousand (2019: 5,601,687 shares). Each ordinary share carries one vote. The Company does not have any preference shares. The number of authorised shares is 8,602,187. As at 31 December 2020, SWF Samruk-Kazyna holds 100% shares in the Company (2019: 100%).

In June 2020, Samruk-Kazyna JSC acquired 125 shares of the Company at the price of Tenge 21,848,312 totalling Tenge 2,731,039 thousand under pre-emption right and repaid shares purchased through the transfer to the Company of wind-electric and solar-power equipment. As a result of the measurement of the fair value of property received at acquisition date, the Company recognised loss of Tenge 2,312,752 thousand from changes in cost within other reserve capital as a transaction with Shareholder.

On 9 June 2020, the Company declared dividends repayment to the Sole Shareholder in the amount of Tenge 3,066,231 thousand – Tenge 547.38 per share (23 April 2019: Tenge 2,041,000 thousand). On 16 July 2020, the Samruk-Energy JSC has fully paid dividends to the Sole Shareholder of Tenge 3,066,231 thousand.

12 Borrowings

In thousands of Kazakhstani Tenge	**31 December 2020**	**31 December 2019**
Non-current portion		
Bank loans	60,308,279	63,208,148
Loans from Samruk-Kazyna	65,293,870	62,284,630
Bonds issued	24,819,395	24,800,157
Loans from subsidiaries	-	33,467,208
Total non-current borrowings	**150,421,544**	**183,760,143**
Current portion		
Loans from subsidiaries	38,411,690	10,294,522
Current bank loans	3,042,235	8,942,235
Loans from Samruk-Kazyna	2,381,109	2,381,108
Interests accrued – bonds	360,287	360,287
Interests accrued – bank loans	1,584,825	1,448,062
Interests accrued – loans from Samruk-Kazyna and subsidiaries	212,878	212,560
Total current borrowings	**45,993,024**	**23,638,774**
Total borrowings	**196,414,568**	**207,398,917**

Carrying amounts and fair value of borrowings are analysed below:

	31 December 2020		**31 December 2019**	
In thousands of Kazakhstani Tenge	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans from Samruk-Kazyna and subsidiaries	106,299,547	106,249,976	108,640,029	93,139,224
Bonds	25,179,682	25,546,862	25,160,443	21,644,161
Bank loans	64,935,339	64,935,339	73,598,445	70,584,418
Total borrowings	**196,414,568**	**196,732,177**	**207,398,917**	**185,367,803**

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 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 EUR 100 million to refinance Eurobonds. In September 2019 the Company received two tranches of Tenge 39,114,450 thousand within this credit facility. The interest rate is set based on the independent indicative interest rate for loans on All-in-cost basis, plus margin of 3.5% and 4.5% per annum. Changes in the independent indicative interest rate are recorded on a quarterly basis. The principal is payable twice a year and at maturity. As of 31 December 2020, the nominal balance of debt principal on the first tranche is Tenge 18,253,410 thousand.

Asian Development Bank

On 8 November and 5 December 2018, the Company opened non-revolving credit facilities in the amount of USD 120 million with the Asian Development Bank in order to increase the operational efficiency of core activities and identify opportunities associated with renewable energy sources. In 2019, the Company received three tranches under Credit facilities for a total of Tenge 45,860,800 thousand with maturities of tranche A and B after 5 years, tranche C after 7 years. The interest rate is set on the basis of actual inflation indicators of the Republic of Kazakhstan, plus bank margin. Principal debt is payable at maturity: for tranche A and B – in 2024, for tranche C – in 2026.

Halyk Bank 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 10.3% per annum and is payable quarterly. The principal is payable twice a year. As of 31 December 2020, the debt principal is repaid in full.

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 18 February 2019, the Company performed a buyback of the bonds of the second tranche in the amount of Tenge 28,000,000 thousand. In April 2019, the Company performed a buyback of 16,872,498 bonds of the first tranche at a market price of tenge 17,655,846 thousand. As of 31 December 2020, the balance of the main debt for the first tranche is Tenge 3,127,502 thousand.

In November 2018, the Company issued and placed bonds in the amount of Tenge 21,736,200 thousand with a nominal value of 1,000 Tenge per 1 bond for a period of seven years. The coupon interest rate was 11.2% per annum and is payable twice a year.

12 Borrowings (Continued)

Sberbank JSC SB

During 2020, Samruk-Energy JSC received 6 short-term tranches in the framework of a revolving credit facility for a total of Tenge 13,100,000 thousand from a credit facility with Sberbank JSC SB for a period of 2 months, which were repaid in advance during the reporting period. As of 31 December 2020, the debt principal was repaid in full.

Debt reconciliation. The table below sets out an analysis of liabilities from financing activities and the movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows.

In thousands of Kazakhstani Tenge	**2020**	**2019**
Borrowings at 1 January	**207,398,917**	**175,901,918**
Proceeds from borrowings obtained and issued bonds	17,810,342	158,280,800
Repayment of borrowings and bonds	(39,093,686)	(125,568,479)
Interest paid	(12,559,564)	(12,067,571)
Proceeds/(disposal) from finance lease	-	(516,230)
Interest accrued	12,696,645	12,356,074
Unwinding of present value discount	10,191,991	8,572,925
Discount on origination of borrowings received	-	(5,575,617)
Gain from loan modification	-	(3,720,428)
Other payments	(30,077)	(264,475)
Borrowings at 31 December	**196,414,568**	**207,398,917**

13 Dividend Income

In thousands of Kazakhstani Tenge	**2020**	**2019**
Dividends from Ekibastuzskaya GRES-1 n.a. Bulat Nurzhanov	29,000,000	29,000,000
Dividends from Forum Muider B.V	2,952,223	15,263,146
Dividends from Bukhtarminskaya HPS JSC	1,373,311	2,246,746
Dividends from Almaty Power Stations JSC	610,921	-
Dividends from PVES LLP	600,000	-
Dividends from Alatau Zharyk Company JSC	407,518	879,332
Other	-	60,000
Total dividend income	**34,943,973**	**47,449,224**

14 Other Operating Income and Expenses (net)

In thousands of Kazakhstani Tenge	2020	2019
Recovery of impairment/(impairment) of investments in subsidiaries and associates (net)	(704,664)	4,490,680
Other expenses	(8,893)	(251,763)
Other income	70,445	145,066
Total other operating income and expenses	**(643,112)**	**4,383,983**

15 General and Administrative Expenses

In thousands of Kazakhstani Tenge	2020	2019
Payroll and related expenses	2,656,472	2,902,446
Provision for legal proceedings (Note 19)	739,802	-
Office maintenance services	676,590	656,787
Depreciation of property, plant and equipment and amortisation of intangible assets	516,029	488,174
Consulting and other professional services	224,004	830,632
Information system maintenance	195,384	244,399
Taxes	129,448	253,604
Membership fee	96,526	71,302
Business trip expenses	65,077	153,110
Employee training and related expenses	43,375	111,967
Insurance	41,988	39,581
Communication	22,480	25,988
Rent expense	3,169	2,230
Other	447,554	577,336
Total general and administrative expenses	**5,857,898**	**6,357,556**

16 Finance Income

In thousands of Kazakhstani Tenge	2020	2019
Unwinding of discount on financial assets	1,920,523	1,696,382
Interest income on bonds and loans issued	5,832,282	3,434,009
Income from modification of receivables	661,324	-
Gain on modification of loans	105,291	-
Derecognition income	-	365,541
Gain on disposal of financial guarantee	-	466,968
Gain on modification of the loan received	-	3,720,428
Income on guarantees issued	88,681	208,027
Interest income on bank deposits	140,239	369,700
Other	11,145	13,108
Total finance income	**8,759,485**	**10,274,163**

17 Finance Costs

In thousands of Kazakhstani Tenge	2020	2019
Interest expense on borrowings and bonds	12,696,645	12,356,074
Amortisation of present value discount on loans and financial assistance	10,191,991	8,572,925
Discounting of loans issued and non-current receivables	83,813	42,075
Loss on retirement of bonds	-	783,348
Loss on modification of the guarantee issued	-	247,840
Unwinding of discount on leases	125,914	270,240
Other	2,744	420,486
Total finance costs	**23,101,107**	**22,692,988**

18 Income Taxes

In thousands of Kazakhstani Tenge	2020	2019
Current income tax	79,874	248,008
Deferred income tax	-	-
Total income tax expense	**79,874**	**248,008**

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

In thousands of Kazakhstani Tenge	2020	2019
Profit under IFRS before tax	**12,805,199**	**34,183,457**
Theoretical tax expense at statutory rate of 20% (2019: 20%)	2,561,040	6,836,691
Adjustments for:		
Dividend income	(6,988,795)	(9,489,845)
Withholding tax	79,874	248,008
Non-deductible expense for the acquisition of shares and write-offs of investments in BTPP (Note 4)	-	19,209,251
Other non-deductible expenses/(non-taxable income)	5,754	1,412,061
Changes in unrecognised deferred income tax assets	4,422,001	(17,968,158)
Prior year adjustments including related to expiry of the statute of limitation on tax loss carry forwards	-	-
Total income tax expense	**79,874**	**248,008**

Differences between IFRS and Kazakhstani statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences are detailed below, and are recorded at the rate applicable to period of assets realisation or liabilities settlement.

18 Income Taxes (Continued)

In thousands of Kazakhstani Tenge	1 January 2020	Charged/ (credited) to profit or loss	31 December 2020
Tax effect of deductible temporary differences			
Tax loss carry forwards	11,771,276	1,970,535	13,741,811
Loans issued	1,198,290	(183,100)	1,015,190
Investments in subsidiaries, joint ventures and associates	1,072,898	603,483	1,676,381
Other receivables	827,857	49,788	877,645
Guarantee	287,950	(33,497)	254,453
Gross deferred income tax assets	**15,158,271**	**2,407,209**	**17,565,480**
Unrecognised tax assets	(276,635)	(4,422,001)	(4,698,636)
Less offsetting with deferred income tax liabilities	**(14,881,636)**	**2,014,792**	**(12,866,844)**
Recognised deferred income tax assets	-	-	-
Tax effect of taxable temporary differences			
Property, plant and equipment	(326,950)	(44,979)	(371,929)
Borrowings	(14,554,686)	2,059,771	(12,494,915)
Gross deferred income tax liabilities	**(14,881,636)**	**2,014,792**	**(12,866,844)**
Less offsetting with deferred income tax assets	**14,881,636**	**(2,014,792)**	**12,866,844**
Recognised deferred income tax liabilities	-	-	-

The Company does not expect to obtain taxable income in the foreseeable future other than income subject to withholding tax.

In thousands of Kazakhstani Tenge	1 January 2019	Charged/ (credited) to profit or loss	31 December 2019
Tax effect of deductible temporary differences			
Tax loss carry forwards	22,739,523	(10,968,247)	11,771,276
Loans issued	1,425,181	(226,891)	1,198,290
Investments in subsidiaries, joint ventures and associates	7,378,299	(6,305,401)	1,072,898
Other receivables	872,476	(44,619)	827,857
Guarantee	491,376	(203,426)	287,950
Gross deferred income tax assets	**32,906,855**	**(17,748,584)**	**15,158,271**
Unrecognised tax assets	(18,244,793)	17,968,158	(276,635)
Less offsetting with deferred income tax liabilities	**(14,662,062)**	**(219,574)**	**(14,881,636)**
Recognised deferred income tax assets	**-**	**-**	**-**
Tax effect of taxable temporary differences			
Property, plant and equipment	(234,246)	(92,704)	(326,950)
Borrowings	(14,427,815)	(126,871)	(14,554,686)
Gross deferred income tax liabilities	**(14,662,062)**	**(219,575)**	**(14,881,637)**
Less offsetting with deferred income tax assets	**14,662,062**	**219,575**	**14,881,637**
Recognised deferred income tax liabilities	-	-	-

18 Income Taxes (Continued)

At 31 December 2020, the Company did not recognise deferred income tax assets in relation to unused tax loss carry forwards of Tenge 140,933 thousand (31 December 2019: Tenge 276,635 thousand).

19 Contingencies, Commitments and Operating Risks

Political and economic situation in the Republic of Kazakhstan

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas prices and other commodities, which constitute major part of the country’s export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets. Ongoing political tension in the region, volatility of exchange rate have caused and may continue to cause negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity and creation of difficulties in attracting of international financing.

On 20 August 2015 the National Bank and the Government of the Republic of Kazakhstan made a resolution about discontinuation of supporting the exchange rate of Tenge and implement of new monetary policy, which is based on inflation targeting regime, cancellation of exchange rate trading band and start a free floating exchange rate. However, the National Bank's exchange rate policy allows it to intervene to prevent dramatic fluctuations of the Tenge exchange rate and to ensure financial stability.

As at the date of this report the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 414,77 per USD 1, compared to Tenge 420,91 per USD 1 as at 31 December 2020 (31 December 2019: Tenge 381.18 per USD 1). Therefore, uncertainty remains in relation to exchange rate of Tenge and future action of National Bank and the Government of the Republic of Kazakhstan and the impact of these factors on the economy of the Republic of Kazakhstan.

On 21 January 2021, Fitch Ratings affirmed the long-term foreign currency issuer default rating (“IDR”) of Kazakhstan – “BBB” with a stable outlook. Kazakhstan's 'BBB' IDRs balance large fiscal and external buffers, underpinned by accumulated oil-related fiscal revenues and a strong sovereign net foreign asset position, against high commodity dependence, a weak banking sector relative to peers, and lower governance scores than 'BBB' medians. Public debt remains low and external and fiscal buffers robust despite the oil price and coronavirus shocks.

According to the official estimates, real GDP during the nine months of 2020 contracted by 3.1%. In August 2020 Fitch forecasted that real GDP would contract by 2.0% in 2020 (2019: +4.5%) as coronavirus containment measures hit domestic demand, and OPEC+ oil production cuts affect net exports.

Additionally, the power energy sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, controlling and political developments, which are beyond the Company’s control.

For the purpose of measurement of expected credit losses (“ECL”) the Company uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

In December 2019, news from China about the outbreak of a new virus first appeared. On 11 March 2020, the World Health Organization announced an outbreak of a new type of coronavirus, COVID19, as a pandemic. According to the decree of the President of the Republic of Kazakhstan dated 15 March 2020 No. 285 “On the introduction of a state of emergency in the Republic of Kazakhstan,” a state of emergency was introduced in the country for the period from 16 March 2020 until 11 May 2020.

19 Contingencies, Commitments and Operating Risks (Continued)

Most of the cities of Kazakhstan fell under the quarantine regime, and in the period from 30 March to 11 May this year, the operations of most industrial enterprises were suspended. The Group's activities for the period of quarantine were not suspended, the work of office employees was organized remotely.

In response to the pandemic Kazakhstan authorities take numerous actions aimed at the containment of COVID-19 spread and impact, such as bans on travelling, quarantine, business activities restrictions, etc. These actions, amongst others, significantly restrict economic activity in Kazakhstan, as well as they have and may continue to have a negative impact on businesses, market participants and Company's clients, as well as Kazakhstan and world economy for an uncertain time period.

At the same time, on 9 March 2020, oil quotes collapsed amid the disagreements of the OPEC members, the price of Brent crude oil in March this year fell below USD 25 per barrel. The Tenge depreciated against the US dollar since the beginning of 2020 by approximately 10%.

As of the date of the issuance of these financial statements, the situation is still developing, and to date there has not been any significant effect on the Company's operations, however, the future effect is difficult to predict. Management will continue to monitor the potential effect of the above events and will take all necessary actions to prevent negative consequences for the business, however:

- • the consequences of downtime/quarantine due to the COVID-19 pandemic will lead to a slowdown in business activity in general, which may affect the Company's financial performance in the future;
- as part of new agreements between OPEC members and other oil-producing countries, Kazakhstan and Russia have committed to cut production levels;
- further depreciation of Tenge against the US dollar will negatively affect the financial results of the Company.

Management is unable to predict the extent or duration of changes in the Kazakhstani economy or evaluate their possible impact on the financial position of the Company in the future. Management believes that it is taking all necessary actions to maintain the sustainability and growth of the Company in current circumstances.

Tax legislation

Kazakhstani tax legislation and practice is in a state of continuous development and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In some cases, in order to determine the taxable base, the tax law refers to the provisions of IFRS, and the interpretation of the relevant provisions of IFRS by Kazakhstani tax authorities may differ from the accounting policies, judgments and estimates applied by management in the preparation of these financial statements, which may lead to additional tax liabilities of the Company. Fiscal periods remain open to review by the authorities in respect of taxes for five years after the end of the fiscal year.

The Company management believes that its interpretation of the relevant legislation is appropriate and the Company's tax positions will be sustained. In the opinion of the Company management, no material losses will be incurred in respect of existing and potential tax claims in excess of provision that have been made in these financial statements.

19 Contingencies, Commitments and Operating Risks (Continued)

Insurance

The insurance market in the Republic of Kazakhstan is at the stage of early development, and many types of insurance that are widespread in other countries are not available in Kazakhstan. The Company does not have full insurance protection with respect to its production premises, losses caused by stoppage of operations or liabilities payable to third parties due to damage caused to real estate or environment as a result of accident or Company's operations. Unless the Company has a full insurance coverage, there is a risk that loss or damage of particular assets might have material adverse effect on the Company's operations and financial position.

Legal proceedings

For the second quarter of 2020, the Company is involved in legal proceedings with Transtelecom JSC. Transtelecom JSC sued legal actions for the recovery of actually rendered services and incurred expenses under Procurement Contract "Consulting services on implementation of target (base) processes of Samruk-Energy JSC" of Tenge 1,100,045 thousand. On 16 April 2020, preparation was held to legal proceeding in Nur-Sultan SIEC. On 3 August 2020, legal proceedings were held in Nur-Sultan SIEC on a civil case under Transtelecom JSC's claim to Samruk-Energy JSC on recovery of debt amount. According to court ruling dated 3 August 2020 and 25 August 2020 on this case, legal economic evaluation and legal merchandising expert review have been assigned. On 15 December 2020, court made a decision of partial satisfaction. The court decided to recover from Samruk-Energy JSC in favour of Transtelecom JSC the amount of Tenge 718,254 thousand and judicial costs on state duty payment of Tenge 21,548 thousand. The court denied the remaining portion of Transtelecom JSC's demand for Tenge 381,791 thousand. On 3 February 2021, the court approved mediation agreement executed between Samruk-Energy JSC and Transtelecom JSC dated 2 February 2021, according to which Samruk-Energy JSC on 8 February 2021 repaid the amount for actually performed works of Tenge 700,000 thousand. The Company created provision for the amount of Tenge 739,802 within general and administrative expenses as of 31 December 2020. As of the approval date of these consolidated financial statements an agreement between Samruk-Energy JSC and Transtelecom JSC was executed.

Compliance with 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. Based on the 2020-year results, the Company complied with the loan covenants and received waivers in case of any violation.

Long-term financial guarantees

At 31 December 2020, the Company has guarantees issued in relation to the loans of its subsidiary Shardara HPS 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.

In thousands of Kazakhstani Tenge	**Long-term financial guarantee**		**Amount of liabilities guaranteed**		**Guarantee period**		**Estimated**
Company	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**	**Issue date**	**Validity period**	**rate under guarantee**
Shardara HPS JSC	1,272,264	1,439,752	21,235,227	23,717,500	2015 г.	13 лет	3%
Total	**1,272,264**	**1,439,752**	**21,235,227**	**23,717,500**			

20 Financial Risk Management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge risk exposures.

Risk management is carried out by management under policies, which provides principles for risk management, covering specific areas, such as credit risk, liquidity risk, and market risk.

(a) Credit risk

The Company exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Company's lending and other transactions with counterparties, giving rise to financial assets.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

Credit risk management

Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Credit risk grading system

For measuring credit risk and grading financial instruments by the amount of credit risk, the Company applies two approaches – an Internal Risk-Based (IRB) rating system or risk grades estimated by external international rating agencies (Standard & Poor's - "S&P", Fitch, Moody's). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default.

The IRB system is designed internally and ratings are estimated by management. Various credit-risk estimation techniques are used by the Company depending on the class of the asset.

The Company applies IRB systems for measuring credit risk for non-current receivables.

The rating models are regularly reviewed, back-tested on actual default data and updated, if necessary. Despite the method used, the Company regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default ("PD") are applied for all financial assets other than non-current receivables.

20 Financial Risk Management (Continued)

Expected credit loss (ECL) measurement

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Company: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the commitment amounts to an on-balance sheet exposure within a defined period. PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's *lifetime period.* The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any.

Management models *Lifetime ECL,* that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL,* represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information,* that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The ECL modelling does not differ for Purchased or Originated Credit Impaired ("POCI") financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination.

20 Financial Risk Management (Continued)

For purposes of measuring PD, the Company defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
  - suspending accrual of interest/reduction in the interest rate on a financial asset;
  - writing-off the principal amount;
  - sales of a financial asset at a significant discount to its nominal value;
  - restructuring that will result in reduction in/write-off of the loan/debt release;
  - increase in the maturity of a financial asset;
  - granting of indulgence on the principal/interests;
  - filing a bankruptcy claim against the counterparty in line with the legislation of the Republic of Kazakhstan;
  - bankruptcy claim filed by the counterparty;
  - liabilities covered by the guarantee agreement or payment under the guarantee agreement are past due more than 90 days.

For purposes of disclosure, the Company fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Company.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of three months. This period of three months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis.

The level of ECL that is recognised in these financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1).

If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Company monitors whether that indicator continues to exist or has changed.

20 Financial Risk Management (Continued)

ECL for POCI financial assets is always measured on a lifetime basis. The Company therefore only recognises the cumulative changes in lifetime expected credit losses.

ECL provisions of other financial assets is insignificant as at 31 December 2020.

The Company has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal ratings are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future month during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Company identified certain key economic variables that correlate with developments in credit risk and ECLs: GDP, inflation, exchange rate, oil price, and short-term economic indicator used for description of the economic development trend based on changes in the performance of primary sectors.

The impact of the relevant economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates and on the components of LGD and EAD.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected.

The Company regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such back-testing is performed at least once a year.

The results of back-testing the ECL measurement methodology are communicated to Company Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

(b) Liquidity risk

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

20 Financial Risk Management (Continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including future payment of interest and principal.

In thousands of Kazakhstani Tenge	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**Over 5 years**
At 31 December 2020					
Borrowings	3,807,421	31,655,376	20,671,552	89,304,234	134,262,388
Bonds	-	203,288	2,644,504	35,009,536	-
Other payables and accrued liabilities	1,568,373	149,815	-	-	-
Finance lease	-	-	417,342	1,847,452	-
Financial guarantee	32,439,798	-	-	-	-
Total future payments, including future principal and interest payments	**37,815,592**	**32,008,479**	**23,733,398**	**126,161,222**	**134,262,388**
At 31 December 2019					
Borrowings	7,621,426	1,069,168	22,663,833	127,630,375	143,089,381
Bonds	-	203,288	2,637,742	13,678,470	24,170,654
Other payables and accrued liabilities	1,255,130	159,653	-	-	-
Finance lease	-	-	346,314	1,179,671	-
Financial guarantee	23,717,500	-	-	-	-
Derivative financial instruments	-	-	-	29,622,719	-
Total future payments, including future principal and interest payments	**32,594,056**	**1,432,109**	**25,647,889**	**172,111,235**	**167,260,035**

(c) Market risk

Currency risk

Financial assets and liabilities of the Company are mainly denominated in Tenge, as a result, the Company is not significantly exposed to currency risk. However, the Company continues to monitor changes in the financial derivatives market to introduce a hedging structure in the future or, if necessary.

20 Financial Risk Management (Continued)

Interest rate risk

Interest rate risk arises from floating interest rate borrowings. The Company is exposed to potential market risk of MosPrime Rate quotas at the Moscow Foreign Exchange. The Company carefully monitors changes in floating interest rates. Additionally, within optimisation of its loan portfolio, the Company reduced rates on existing loans by 1-1.5% on the average. The Company has no formal agreements for the analysis and mitigation of risks related to changes in interest rates.

If at 31 December 2020 interest rates had been 20 basis points lower, with all other variables held constant, profit for the year would have been Tenge 1,298,707 thousand higher, mainly as a result of lower interest expense on floating interest rate liabilities and Tenge 1,298,707 thousand less as a result of higher interest expense floating interest rate liabilities.

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the separate statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the separate statement of financial position plus net debt.

In thousands of Kazakhstani Tenge	**Note**	**31 December 2020**	**31 December 2019**
Total borrowings	12	196,414,568	207,398,917
Less:			
Cash and cash equivalents	10	(1,595,249)	(1,298,005)
Net borrowings		194,819,319	206,100,912
Total equity		420,292,483	410,216,382
Total equity		**615,111,802**	**616,317,294**
Gearing ratio		**32%**	**33%**

21 Fair Value Disclosures

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.

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated 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.

	31 December 2020				31 December 2019			
In thousands of Kazakhstani Tenge	**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	-	1,595,249	-	1,595,249	-	1,298,005	-	1,298,005
Fixed term deposits	-	5,304	-	5,304	-	304	-	304
Financial receivables	-	9,029,447	-	9,039,117	-	11,240,997	-	11,487,529
Dividends receivable	-	449	-	449	-	405	-	405
Receivables from subsidiaries under guarantee issued	-	1,659,976	-	1,547,542	-	1,463,478	-	1,358,784
Loans issued	-	57,869,854	-	58,166,102	-	58,746,861	-	63,625,509
Receivables from employees	-	71,814	-	71,814	-	79,698	-	79,698
Total financial assets	**-**	**70,232,093**	**-**	**70,425,577**	**-**	**72,829,748**	**-**	**77,850,234**
Liabilities								-
Borrowings	-	196,732,177	-	196,414,568	-	185,367,803	-	207,398,917
Lease liabilities	-	1,651,604	-	1,474,019	-	711,285	-	1,035,366
Financial guarantees	-	1,120,906	-	1,272,264	-	1,330,326	-	1,439,752
Financial payables	-	1,196,077	-	1,196,077	-	720,973	-	720,973
Total financial liabilities	**-**	**200,700,764**	**-**	**200,356,928**	**-**	**188,130,387**	**-**	**210,595,008**

21 Fair Value Disclosures (Continued)

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.

Financial 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.

22 Events after the Reporting Period

Borrowings

On 21 January 2021, the Company received in advance from Alatau Zharyk Company JSC the return of a part of non-current borrowing of Tenge 205,746 thousand.

On 25 January 2021, the Company made early repayment on credit facility С.Э/45 dated 14 January 2011 with Samruk-Kazyna JSC for Tenge 205,746 thousand.

On 25 January 2021, under Tranche 2 of the Loan Agreement No.48308 dated 9 December 2016 with the EBRD, the Company made scheduled repayments for the total of Tenge 1,986,194 thousand, including the principal amount of Tenge 1,521,118 thousand, interest of Tenge 465,076 thousand and early repayment of debt principal of Tenge 2,538,200 thousand.

On 25 January 2021, the Company made scheduled repayment of interest under the Credit Facility Agreement dated 8 November 2018 with ADB, including under Tranche A - Tenge 585,395 thousand, under Tranche B - Tenge 560,146 thousand, under Tranche C - Tenge 599,041 thousand.

From 1 January to 28 January 2021, the Company returned financial aid of Ekibastuz GRES-1 named after Bulat Nurzhanov LLP for Tenge 28,000,000 thousand received earlier in 2019.

On 27 January 2021, under the credit facility with Sberbank JSC SB, the Company received borrowing of Tenge 14,000,000 thousand maturing in 3 months at the rate of 10.40% per annum.

On 28 January 2021, the Company received current borrowing of Ekibastuz GRES-1 named after Bulat Nurzhanov LLP of Tenge 10,000,000 thousand within revolving credit facility.

23 Earnings 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.

	2020	2019
Profit for the year attributable to the Company's owners (in thousands of Kazakhstani Tenge)	12,725,325	33,935,449
Weighted average number of ordinary shares in issue	5,601,812	5,601,687
Profit for the year attributable to the Company's owners (rounded to Tenge)	**2,272**	**6,058**

Carrying value of one share

Pursuant to the resolution of the Exchange Council of Kazakhstan Stock Exchange JSC ("KASE") dated 4 October 2010, financial statements must contain data on the carrying amount of one share (ordinary and preferred) at the reporting date calculated in accordance with the rules approved by KASE. At 31 December 2020, this indicator calculated by the management of the Company based on the financial statements constituted to Tenge 74,914 (31 December 2019: Tenge 73,094). The table for calculating the carrying amount of one share is as follows:

In thousands of Kazakhstani Tenge	2020	2019
Total assets	621,293,694	622,001,515
Less: intangible assets	(636,073)	(763,873)
Less: total liabilities	**(201,001,211)**	**(211,785,133)**
Net assets for ordinary shares	419,656,410	409,452,509
Number of ordinary shares at 31 December	5,601,812	5,601,687
Carrying amount of one share, Tenge	**74,914**	**73,094**