



## **SAMRUK-ENERGY JSC**

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

**30 June 2019**

## Contents

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

### CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Interim Statement of Financial Position .....	1
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income .....	2
Condensed Consolidated Interim Statement of Changes in Equity .....	3
Condensed Consolidated Interim Statement of Cash Flows .....	4

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS:

1 Samruk-Energy Group and its Operations.....	6
2 Basis of Preparation and Significant Accounting Policies.....	7
3 Changes in Accounting Policies .....	7
4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies .....	8
5 Segment Information .....	12
6 Balances and Transactions with Related Parties .....	15
7 Property, Plant and Equipment.....	18
8 Right-Of-Use-Assets and Lease Liabilities .....	19
9 Investments in Joint Ventures and Associates .....	20
10 Other Non-Current Assets .....	20
11 Inventories.....	21
12 Trade and Other Receivables.....	21
13 Other Current Assets.....	22
14 Cash and Cash Equivalents .....	22
15 Non-Current Assets Held for Sale and Disposal Groups .....	23
16 Equity .....	24
17 Borrowings .....	24
18 Trade and Other Payables .....	27
19 Revenue.....	27
20 Cost of Sales.....	28
21 Selling Expense.....	28
22 General and Administrative Expenses .....	29
23 Finance Income.....	29
24 Finance Costs .....	30
25 Income Tax.....	30
26 Contingencies, Commitments and Operating Risks .....	31
27 Fair Value of Financial Instruments .....	32
28 Events Occurring After the Reporting Period.....	33



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

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

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of JSC Samruk-Energy (the "Company") and its subsidiaries (the "Group") as at 30 June 2019 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month period then ended, condensed consolidated interim statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

### **Scope of Review**

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

### **Conclusion**

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

*PricewaterhouseCoopers LLP*

2 August 2019  
Almaty, Kazakhstan

**JSC «SAMRUK-ENERGY»**  
**Condensed Consolidated Interim Statement of Financial Position (unaudited)**

<i>In thousands of Kazakhstan Tenge</i>	<b>Note</b>	<b>30 June 2019 (unaudited)</b>	<b>31 December 2018</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	744,942,407	756,453,621
Investment property		377,175	428,734
Intangible assets		3,975,788	4,767,633
Right of use assets	8	3,167,329	-
Investments in joint ventures and associates	9	56,177,603	55,860,500
Other non-current assets	10	16,418,038	14,282,994
<b>Total non-current assets</b>		<b>825,058,340</b>	<b>831,793,482</b>
<b>Current assets</b>			
Inventories	11	10,616,451	9,373,661
Trade and other receivables	12	18,260,697	23,913,414
Other current assets	13	89,483,194	93,673,376
Income tax prepaid		2,778,312	1,268,014
Cash and cash equivalents	14	7,417,610	13,604,335
Assets of disposal group, classified as held-for-sale	15	16,310,782	16,130,771
<b>Total current assets</b>		<b>144,867,046</b>	<b>157,963,571</b>
<b>TOTAL ASSETS</b>		<b>969,925,386</b>	<b>989,757,053</b>
<b>EQUITY</b>			
Share capital	16	373,314,888	373,314,888
Other reserve capital	16	127,400,095	127,412,909
Retained earnings		(21,615,253)	(21,607,444)
<b>Equity attributable to the Group's equity holders</b>		<b>479,099,730</b>	<b>479,120,353</b>
Non-controlling interest		1,023,375	891,592
<b>TOTAL EQUITY</b>		<b>480,123,105</b>	<b>480,011,945</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for liquidation of ash dumps		2,640,009	2,643,471
Employee benefit obligations		1,115,084	1,297,228
Borrowings	17	219,605,760	266,959,110
Other non-current liabilities		4,107,032	4,843,536
Long-term lease liabilities	8	2,231,876	-
Deferred income tax liabilities		82,592,147	82,771,915
<b>Total non-current liabilities</b>		<b>312,291,908</b>	<b>358,515,260</b>
<b>Current liabilities</b>			
Provision for liquidation of ash dumps		139,591	248,406
Borrowings	17	76,058,206	43,403,659
Employee benefit obligations		85,253	113,600
Trade and other payables	18	94,828,916	99,901,007
Taxes payable and other payables to the budget		3,226,260	4,636,438
Short-term lease liabilities	8	838,714	-
Income tax payable		197,556	908,056
Liabilities of a disposal group, classified as held for sale	15	2,135,877	2,018,682
<b>Total current liabilities</b>		<b>177,510,373</b>	<b>151,229,848</b>
<b>TOTAL LIABILITIES</b>		<b>489,802,281</b>	<b>509,745,108</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>969,925,386</b>	<b>989,757,053</b>

Signed on behalf of management on 2 August 2019.

Yerlan Zh Aliyev  
Acting Managing Director on Economics and Finance



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

**SAMRUK-ENERGY JSC**
**Condensed Consolidated Interim Statement of Profit and Loss and Other Comprehensive Income (unaudited)**

<i>In thousands of Kazakhstan Tenge</i>	<b>Note</b>	<b>Six months ended 30 June 2019 (unaudited)</b>	<b>Six months ended 30 June 2018 (unaudited)</b>	<b>Three months ended 30 June 2019 (unaudited)</b>	<b>Three months ended 30 June 2018 (unaudited)</b>
Revenue	19	109,544,713	132,068,679	47,482,684	58,330,037
Cost of sales	20	(89,836,401)	(91,458,644)	(41,876,276)	(43,329,929)
<b>Gross profit</b>		<b>19,708,312</b>	<b>40,610,035</b>	<b>5,606,408</b>	<b>15,000,108</b>
Selling expense	21	(2,309,973)	(9,120,289)	(1,039,275)	(4,501,104)
General and administrative expenses	22	(5,549,501)	(7,025,800)	(2,726,365)	(3,813,037)
Share in profit/(loss) of joint ventures and associates	9	6,808,898	6,635,769	1,176,036	(341,020)
Net gain/(loss) on (net) recovery/(impairment) of financial assets		650,097	(13,351)	303,892	2,113,836
Finance income	23	1,983,885	1,173,490	651,689	499,793
Finance costs	24	(16,614,016)	(18,894,731)	(8,535,869)	(12,081,128)
Other income/(loss), net		118,877	97,444	(48,969)	761,018
<b>Profit/(loss) before income tax</b>		<b>4,796,579</b>	<b>13,462,567</b>	<b>(4,612,453)</b>	<b>(2,361,534)</b>
Income tax expense	25	(2,478,344)	(4,449,484)	(1,394,343)	(1,236,658)
<b>Profit/(loss) for the period from continuing operations</b>		<b>2,318,235</b>	<b>9,013,083</b>	<b>(6,006,796)</b>	<b>(3,598,192)</b>
Loss from discontinued operations		(143,232)	(79,322)	(99,919)	(38,799)
<b>Profit/(loss) for the period</b>		<b>2,175,003</b>	<b>8,933,761</b>	<b>(6,106,715)</b>	<b>(3,636,991)</b>
Other comprehensive income/(loss) (Items that will not be reclassified to profit or loss)					
Remeasurements of post-employment benefit obligations		(12,814)	(45,041)	(112,618)	22,162
<b>Total comprehensive income/(loss) for the period</b>		<b>2,162,189</b>	<b>8,888,720</b>	<b>(6,219,333)</b>	<b>(3,614,829)</b>
<b>Profit/(loss) attributable to:</b>					
Equity holders of the Group		2,043,220	8,819,727	(6,181,951)	(3,693,523)
Non-controlling interest		131,783	114,034	75,236	56,532
<b>Profit/(loss) for the period</b>		<b>2,175,003</b>	<b>8,933,761</b>	<b>(6,106,715)</b>	<b>(3,636,991)</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity holders of the Group		2,030,406	8,774,686	(6,294,569)	(3,671,361)
Non-controlling interest		131,783	114,034	75,236	56,532
<b>Total comprehensive income/(loss) for the period</b>		<b>2,162,189</b>	<b>8,888,720</b>	<b>(6,219,333)</b>	<b>(3,614,829)</b>
<b>Carrying value of one ordinary share</b>		<b>85,001</b>	<b>84,839</b>		

The accompanying notes on pages 6 to 33 are an integral part of these condensed consolidated interim financial statements

**SAMRUK-ENERGY JSC****Condensed Consolidated Interim Statement of Changes in Equity (unaudited)**

<i>In thousands of Kazakhstan Tenge</i>	Note	Attributable to equity holders of the Group				Non-controlling interest	Total equity
		Share capital	Other reserves	Retained earnings	Total		
<b>Balance at 1 January 2018</b>		<b>373,314,888</b>	<b>127,546,130</b>	<b>(22,807,115)</b>	<b>478,053,903</b>	<b>707,640</b>	<b>478,761,543</b>
Profit for the period (unaudited)		-	-	8,819,727	8,819,727	114,034	8,933,761
Other comprehensive loss (unaudited)		-	(45,041)	-	(45,041)	-	(45,041)
Total comprehensive income/(loss) (unaudited)		-	(45,041)	8,819,727	8,774,686	114,034	8,888,720
Dividends	16	-	-	(2,041,000)	(2,041,000)	-	(2,041,000)
<b>Balance at 30 June 2018 (unaudited)</b>		<b>373,314,888</b>	<b>127,501,089</b>	<b>(16,028,388)</b>	<b>484,787,589</b>	<b>821,674</b>	<b>485,609,263</b>
<b>Balance at 1 January 2019</b>		<b>373,314,888</b>	<b>127,412,909</b>	<b>(21,607,444)</b>	<b>479,120,353</b>	<b>891,592</b>	<b>480,011,945</b>
Profit for the period (unaudited)		-	-	2,043,220	2,043,220	131,783	2,175,003
Other comprehensive loss (unaudited)		-	(12,814)	-	(12,814)	-	(12,814)
Total comprehensive income/(loss) (unaudited)		-	(12,814)	2,043,220	2,030,406	131,783	2,162,189
Other capital distributions		-	-	(10,029)	(10,029)	-	(10,029)
Dividends	16	-	-	(2,041,000)	(2,041,000)	-	(2,041,000)
<b>Balance at 30 June 2019 (unaudited)</b>		<b>373,314,888</b>	<b>127,400,095</b>	<b>(21,615,253)</b>	<b>479,099,730</b>	<b>1,023,375</b>	<b>480,123,105</b>

**SAMRUK-ENERGY JSC****Condensed Consolidated Interim Statement of Cashflows (unaudited)**

<i>In thousands of Kazakhstan Tenge</i>	<b>Note</b>	<b>Six months ended 30 June 2019 (unaudited)</b>	<b>Six months ended 30 June 2018 (unaudited)</b>
<b>Cash flows from operating activities</b>			
Profit before income tax from continuing operations		4,796,579	13,462,567
Loss from discontinued operations		(143,232)	(79,322)
Adjustments for:			
Depreciation and amortisation		27,448,633	24,131,796
Loss/(gain) from disposal of property, plant and equipment		(24,064)	62,114
Net gain/(loss) on the recovery/(impairment) of financial assets		(650,097)	13,351
Finance costs	24	16,614,016	18,894,731
Finance income	23	(1,983,885)	(1,173,490)
Share of profit in joint ventures and associates	9	(6,808,898)	(6,635,769)
Other adjustments		193,510	53,919
<b>Operating cash flows before working capital changes</b>		<b>39,442,562</b>	<b>48,729,897</b>
Decrease/(increase) in trade receivables and other current assets		5,222,771	(133,704)
Decrease/(increase) in inventories		(1,424,866)	576,737
Increase/(decrease) in trade and other current payables		(5,455,292)	1,047,679
Increase/(decrease) in employee benefits payable		(260,330)	130,632
Increase/(decrease) in tax and other payables to the budget		(1,703,430)	162,635
<b>Cash generated from operations</b>		<b>35,821,415</b>	<b>50,513,876</b>
Income tax paid		(4,865,507)	(1,298,533)
Interest paid		(12,381,401)	(14,370,440)
Dividends received		4,113,432	1,680,397
<b>Net cash used in operating activities</b>		<b>22,687,939</b>	<b>36,525,300</b>
<b>Including net cash used in operating activities from discontinued operations</b>		<b>(109,277)</b>	<b>(82,939)</b>

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

<i>In thousands of Kazakhstan Tenge</i>		Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)
	Note		
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(16,357,736)	(16,095,900)
Acquisition of intangible assets		(56,949)	(925,393)
Proceeds from sale of property, plant and equipment		2,995	163,520
Interest income received		759,100	751,890
Withdrawal/(placement) of bank deposits, net		(57,969)	1,922,148
Withdrawal of restricted cash		6,456,186	110,349
Repayment of receivables / (conversion of current deposits into financial receivables) - Tauba Invest LLP		514,140	(2,938,287)
Loans given		(136,263)	-
Repayment of loans given		591,000	-
Other payments		(180,585)	(10,400)
<b>Net cash used in investing activities</b>		<b>(8,466,081)</b>	<b>(17,022,073)</b>
<b>Including net cash used in investing activities from discontinued operations</b>		<b>112,943</b>	<b>74,036</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		116,533,625	31,741,962
Repayment of borrowings		(115,403,045)	(72,818,657)
Repurchase of principal on debt securities issued		(17,655,846)	-
Repayment of principal on finance leases		(562,758)	-
Dividends paid to shareholders		(2,041,000)	-
Dividends paid to non-controlling interest holders		(187,665)	(209,646)
Payment of bank commission		(685,680)	-
Other payments		(32,762)	(146,643)
<b>Net cash used in financing activities</b>		<b>(20,035,131)</b>	<b>(41,432,984)</b>
<b>Including net cash used in financing activities from discontinued operations</b>		<b>(8,994)</b>	<b>-</b>
Foreign exchange difference effect on cash and cash equivalents		(378,653)	(252,293)
Provision for impairment of cash and cash equivalents under IFRS 9		(127)	(3,157)
<b>Net decrease in cash and cash equivalents</b>		<b>(6,192,053)</b>	<b>(22,185,207)</b>
<b>Including net decrease in cash and cash equivalents from discontinued operations</b>		<b>(5,328)</b>	<b>(8,903)</b>
<b>Cash at the beginning of the year, including:</b>	14	<b>13,624,165</b>	<b>32,730,644</b>
Cash at the beginning of the reporting period per consolidated statement of financial position		13,604,335	32,719,043
Cash at the beginning of the reporting period from discontinued operations		19,830	11,601
<b>Cash and cash equivalents at the end of reporting period, including:</b>	14	<b>7,432,112</b>	<b>10,545,437</b>
Cash and cash equivalents at the end of reporting period per consolidated statement of financial position		7,417,610	10,542,739
Cash and cash equivalents at the end of reporting period from discontinued operations		14,502	2,698



## **1 Samruk-Energy Group and its Operations**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim financial reporting" for six months ended 30 June 2019 for Samruk-Energy JSC (the "Company") and its subsidiaries (together referred to as the "Group").

The Company was incorporated on 18 April 2007 and registered on 10 May 2007. The Company is a joint stock company, and was set up in accordance with regulations of the Republic of Kazakhstan. The Group was established for the purpose of consolidation of entities in electric power industry of the Republic of Kazakhstan (the "RoK").

As of 30 June 2019 the Company's shareholder is Samruk-Kazyna National Welfare Fund JSC ("Samruk-Kazyna"). The Company's ultimate controlling party is the Government of the RoK.

### ***Principal activity***

The Group's principal activities are production of electricity, heat energy, hot water on the basis of coal, hydrocarbons and water resources, and sale to households and industrial enterprises, transmission of electricity and technical distribution of electricity within the network, leasing of property of power stations.

The operations of the Group's subsidiaries and joint ventures are regulated by the Law of the Republic of Kazakhstan on Natural Monopolies and Regulated Markets, the Law on Competition and the Restriction of Monopolistic Activity (the "Antimonopoly legislation"). The tariffs, based on type of energy company, are regulated by the Committee on Regulation of Natural Monopolies of the Ministry of Economics of the Republic of Kazakhstan (the "Committee") or by the relevant ministry - Ministry of Energy of the Republic of Kazakhstan (the "MoE").

Electricity tariffs for electricity producers are approved by the order of the Minister of Energy #160 dated 27 February 2015 on Approval of Cap for Tariffs for Electricity for a Group of Energy Producing Organizations and in line with further amendments. Tariffs for the supply of electricity produced by renewable energy sources are fixed and approved by the Decree of the Government of Republic of Kazakhstan according to the Renewable Energy technology (separately for wind, solar and other sources), and are subject to annual indexation. Wherein financial center acts as a buyer, and energy producing organizations act as a seller. Tariffs for transmission and distribution of electricity, production of heat energy and energy supply (the "ES") are regulated by Committee on Regulation of Natural Monopolies and Competition Protection of Ministry of Economics. Regulation and control are performed strictly in accordance with regulations.

The tariff related decisions are significantly exposed to social and political issues. Economic, social and other policies of the Government of the Republic of Kazakhstan may have the significant effect on the Group's operations.

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

The registered address and place of Company's Head Office is: Kabanbai Batyr Avenue 15A, Block B, Astana, the Republic of Kazakhstan.

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

### ***Basis of preparation***

These condensed consolidated interim financial statements for the six-month period ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statements do not include all notes that are normally included in the annual financial statements. Therefore, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS. The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those of the previous financial year except for accounting for income taxes and the application of new accounting clauses, as indicated below.

Income tax expenses for the interim period are accrued using the calculated effective tax rate that would be applicable for the financial year.

### ***Seasonality of operations***

The Group's operations are exposed to the seasonal fluctuations. Fluctuations in electricity transmission volume, production of heat and electricity relate to heating season from October to April.

Also, the Group's repair and maintenance works might be subject to seasonality. Significant amount of maintenance and repair work are expected to be carried out in the second half of 2019 that will significantly increase the Group's expenses, downtime of power units and low levels of electricity production.

### ***Exchange rates***

As of June 30, 2019, the official exchange rate used to translate balances in foreign currency was Tenge 380.53 for 1 US dollar (31 December 2018: Tenge 384.20 for 1 US dollar) and Tenge 6.04 for 1 Russian ruble (31 December 2018: Tenge 5.52 for 1 Russian ruble).

## **3 Changes in Accounting Policies**

The adopted accounting policy complies with the accounting policy applied in the previous reporting year, except for new standards and interpretations, as well as amendments to existing standards, which became effective since 1 January 2019.

In 2019 the Group first time adopted the following standards:

*IFRS 16, Leases.* The new standard, issued in 2016, replaces the previous leases standard, IAS 17 Leases, and the related interpretations; IFRS 16 eliminates the classification of leases as either operating leases or finance leases thus establishing a single lessee accounting model.

The Company elected modified retrospective approach which presumes recognition of cumulative effect of initial application at the date of the initial application i.e. January 1, 2019.

At the date of initial application the Company used the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as finance or operating leases applying IAS 17 and IFRIC 4. The Company also elected to use the recognition exemptions for lease contracts that have a lease term of 12 months or less (including all economically reasonable prolongation options) and do not contain a purchase option, and lease contracts for which the underlying asset is of low value (less than Tenge 1,900 thousand).

One-off increase in non-current assets and financial liabilities due to recognition of operating leases on the balance sheet totaled Tenge 3,455,370 as of January 1, 2019.

This amount can be reconciled to the undiscounted future minimum lease payments under the operating lease agreements disclosed in IFRS consolidated financial statements of the Company for 2018 as follows:

### 3 Changes in Accounting Policies (Continued)

<b>Future minimum lease payments under operating leases as of 31 December 2018</b>	<b>4,122,345</b>
Effect of discounting at the rate of arranging additional borrowings at the first adoption date	(1,049,958)
<b>Present value of future minimum lease payments</b>	<b>3,072,387</b>
Less commitments and contingencies associated with short-term lease and lease of low-cost assets	(162,652)
Plus commitments and contingencies associated with a lease previously classified as a finance lease	545,636
<b>Lease liabilities as of January 1, 2019 (Recognition in accordance with IFRS 16)</b>	<b>3,455,370</b>

Previously recognised lease commitments for software and vehicle lease commitments of Tenge 545,636 thousand were included in the lease liabilities as of January 1, 2019. At the same time, assets for a lease of vehicles of Tenge 31,407 thousand, and software of Tenge 502,899 thousand were reclassified out of property, plant and equipment and intangible assets respectively into right-of-use-assets. Thus, the cumulative amount of right-of-use-assets as of January 1, 2019 totalled Tenge 3,444,040 thousand.

### 4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

While preparing the condensed consolidated interim financial statements, the Group uses estimates and makes assumptions that affect the accounting policies and assets and liabilities, reported income and expenses. Actual results may differ from these estimates.

Applied key accounting estimates and professional judgments are consistent with those accounting estimates and professional judgments applied in the preparation of the annual financial statements for the year ended 31 December 2018, except for the calculation of income tax provisions and adoption of new and amended standards.

#### **Going concern principle**

Management prepared these condensed consolidated interim financial statements based on a going concern principle. Management's judgment is based on the Group's financial position, current intentions, profitability of operations, access to financial resources and Government's support. As of 30 June 2019 total Group's total current liabilities exceeded its total current assets for the amount of Tenge 46,818,232 thousand (except for net assets of disposal group). The main factor in the increase in current liabilities was the obtaining of short-term loans from second-tier banks associated with the Company's policy to reduce the level of long-term loans with higher interest rate. In addition, during the reporting period, the Group made early repayments on loans at its own expense.

The following factors were considered when assessing the Group's ability to continue operating in the foreseeable future:

- The Group is of strategic importance for ensuring the reliability of Kazakhstan's energy system. The management and shareholders of the Group have no intention or need to liquidate the Group's operations.
- Current liabilities of the Group in the amount of Tenge 5,841,514 thousand represent payable to the city of Almaty Akimat and by amicable agreement, do not require a cash outflow.
- In the second half of 2019, the Group expects positive cash flows from operating activities, net of outflows of capital expenditures, in the amount of Tenge 19,664,557 thousand.
- As at 30 June 2019, the Group has available funds under revolving credit lines totalling Tenge 30,000,000 thousand, as well as a tranche from the Asian Development Bank of Tenge 15,392,400 thousand, available for use
- The Group expects to receive funds from the sale of assets of disposal group before the end of 2019.
- Current liabilities of the amount of Tenge 34,156,889 thousand represent short-term loans obtained from Halyk Bank JSC and Sberbank JSC. This debt will be partially refinanced by Group's own funds as well as using long-term financing acquired from international financial organizations until the end of July 2019

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

These condensed consolidated interim financial statements do not include any adjustment to the carrying amounts of assets and liabilities, the reported revenues and expenses, and classification in the consolidated statement of financial position that would be necessary if the Group was unable to continue its operations. Such adjustments could be material.

##### ***Impairment of non-financial assets***

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

Determining the presence of signs of impairment of non-financial assets also requires the use of judgments and estimates in determining possible technological obsolescence of fixed assets, 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 Group that occurred during the year or are expected in the near future in the technological, market, economic or legal environment in which the Group operates or in the market for which the asset is used.

In assessing the recoverable amount of assets the Group makes estimates and judgments. Estimates and judgments are repeatedly evaluated and based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies.

As of 31 December 2018 the Group conducted the impairment test of non-financial assets of Almaty Power Stations JSC ("ALES"), Moinak HPP named after U.D. Kantayev JSC ("MHPP"), Ekibastuz GRES-1 named after Bulat Nurzhanov LLP ("GRES-1"), Ekibastuz GRES-2 Power Station JSC ("GRES-2").

Based on the results of the analysis as of 31 May 2019, management did not identify any indicators of impairment of non-financial assets of AzhK, ALES and Moinak HPP. The main facts and assumptions used in the analysis of indicators are:

- Absence of negative changes in the economic efficiency of companies during the reporting period;
- Decrease in interest rates on loans
- The expected medium-term growth in demand for electricity in the southern zone of the Republic of Kazakhstan, where AZhK and ALES conduct operations;
- Stable production of electricity at the level of current volumes at Moinak HPP, The company provides automation and stability of electricity production in Almaty and Almaty region, reducing the problem of daily peak loads in the region.

Also, the analysis of indicators showed no signs of impairment of investments in SEGRES-2 as of May 31, 2019, since:

- The company exceeded the plan for operational and financial performance for 5 months. 2019;
- The resumption of the project for the construction of power unit No. 3 is provided for by the EGRES-2 Development Plan for 2019-2023. According to the Strategy of Samruk-Energy JSC Group, EGRES-2 plans to continue the construction of power unit No. 3 with a capacity of 636 MW with completion planned in 2024 and reaching its designed capacity in 2025;
- In relation to the planned transaction for the sale of EGRES-2 shares by its shareholder, INTER RAO PJSC, the decision to start the implementation of the investment project to resume the construction of power unit No. 3 was temporarily postponed until the completion of issues related to the proposed transaction;
- As of the date of the report, all plans and intentions of the Group regarding the implementation of the project for the construction of power unit No. 3 remain unchanged.

##### **Impairment test for fixed assets and intangible assets of EGRES-1**

Based on the analysis, management of the Group came to the conclusion that a decrease in the production plan for electricity generation in the medium term is a factor for the possible depreciation of fixed assets.

The Group engaged independent experts to update the impairment test as of May 31, 2019, which was carried out in accordance with IAS 36 Impairment of Assets.

An independent expert assessed the recoverable amount of EGRES-1 fixed assets based on estimates of forecasted future cash inflows and outflows from the use of assets, discount rates and other indicators.

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

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

The recoverable amount was determined based on value in use, in accordance with the methods and assumptions used as of December 31, 2018. Refer to Note 4 in our Annual Report for December 31, 2018 for more information.

These calculations used cash flow projections based on updated financial budgets approved by management for the period from 2019 to 2026.

The following table sets out the main changes in assumptions where the impairment estimates were updated as of May 31, 2019:

As of 31 May 2019	Unit	2019	2020	2021	2022	2023	2024	2025	2026
Tariff for electrical energy in Kazakhstan	Tenge/kWh	5.76	6.59	6.84	7.00	6.99	7.11	7.29	7.61
Tariff for maintenance of electric power capacity	mln. Tenge/(MW *month)	0,59	0,54	0,57	0,59	0,61	0,63	0,66	0,68
Tariff for regulation of electric power capacity	mln.Tenge/MW	0,65	0,69	0,73	0,76	0,79	0,81	0,84	0,87
Tariff for electrical energy in Uzbekistan	Tenge/kWh	9.56	9.80	-	-	-	-	-	-

As of 31 December 2018	Unit	2019	2020	2021	2022	2023	2024	2025	2026
Tariff for electrical energy in Kazakhstan	Tenge/kWh	5.76	6.37	6.70	7.03	7.10	7.35	7.59	7.81
Tariff for maintenance of electric power capacity	mln. Tenge/(MW*month)	0,59	0,54	0,57	0,60	0,62	0,64	0,66	0,68
Tariff for regulation of electric power capacity	mln. Tenge/MW	0,74	0,79	0,84	0,87	0,90	0,93	0,96	0,99

Accordingly, the cap electricity tariff per 1 kWh in 2019 was forecasted based on the tariff approved by Order of the Minister of Energy of the Republic of Kazakhstan No. 475 dated 5 December 2018. Beginning from 2020 the forecast tariff was calculated using the rules for approval of the cap electricity tariff and calculation method of fixed profit approved by Order of the Ministry of Energy of the Republic of Kazakhstan No. 413 dated 28 November 2017 as amended on 14 December 2018, based on the forecast expenses according to the Development Plan of subsidiary and correction factor for calculation of fixed profit for a forecast period. The correction factor for fixed profit determination for EGRES-1 was set to get fixed profit at 6% for 2020, 10% for 2021, and 12% for 2022-2026.

As of 31 May 2019	Unit	7 months 2019 r.	2020	2021	2022	2023	2024	2025	2026
Sales of electricity – Kazakhstan	mln. kWh	10,843	17,527	18,935	20,261	21,404	21,682	22,193	22,193
Sales of electric power capacity per month	MW	503	1,743	1,768	1,796	1,837	1,881	1,923	2,246
Maintenance of electric power capacity	MW	1,052	1,654	1,654	1,654	1,654	1,654	1,654	1,654
Sales of electricity – Uzbekistan	MW	1,000	2,000	-	-	-	-	-	-

As of 31 December 2018	Unit	2019	2020	2021	2022	2023	2024	2025	2026
Sales of electricity – Kazakhstan	mln. kWh	17,468	18,519	19,952	21,303	22,472	22,777	23,315	23,315
Sales of electric power capacity per month	MW	503	1,743	1,768	1,796	1,837	1,881	2,197	2,246
Maintenance of electric power capacity	MW	2,445	2,445	2,445	2,445	2,445	2,445	2,794	2,794

The Group expects an even distribution of capacity sales at tenders starting in 2020 between the main market participants at an average market tariff. The management is confident that the Company will be able to realize the forecasted capacity volumes starting from 2020, since the capacity is in demand, and this is indicated by the current plant load and sales volume. Furthermore, the contract for the supply of electricity for 2019-2020 was signed with Uzbekenergo in 2019. Tariffs and volumes for Regulation of electric capacity used in the analysis are in accordance with signed agreements with customers.

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

---

The discount rate – 10.84% for EGRES-1 - was calculated taking into account the current market assessment of the risks inherent in the industry and was determined on the basis of the weighted average cost of the company's capital.

As a result of the test of the recoverable amount of property, plant and equipment and intangible assets at 31 May 2019, management did not identify any impairment. As at June 30, 2019, management believes that there were no events that adversely affected the results of the test.

***Payable to Akimat***

In 2009 AZhK JSC participated in the lawsuit with the Akimat of Almaty (hereinafter referred to as the "Akimat") on the repayment of the debt of the AZhK to the Akimat. On 14 February 2014 AZhK and Akimat signed an amicable agreement on the procedure for settling the debt of the AZhK to the Akimat. To settle the liabilities, among other procedures, AZhK should accept power lines that are in the communal ownership and trust management of the Akimat. After deduction of all payments made during previous years as part of the amicable agreement, the amount of liabilities of AZhK as of 30 June 2019 equalled Tenge 5,841,514 thousand (31 December 2018: 5,841,514 thousand).

As of 30 June 2019 the adoption of power lines was not completed. The Group will cease recognising this liability when it is exempt from payment, at the moment of execution of all actions by the parties of the amicable agreement, namely at the moment of acceptance in the property of electric networks from Akimat. At the same time, the Group recognises a gain on derecognising the obligation for Tenge 5,841,514 thousand.

***Balkhash Thermal Power Plant***

The shareholders of JSC "Balkhash Thermal Power Plant" (hereinafter BTPP) are "Samsung C&T Corporation" (hereinafter "Samsung C&T") and Company, holding 50% + 1 shares and 50% - 1 share, respectively, as of 31 December 2018.

On 14 February 2012 the Company and Samsung C&T signed the Option Agreement for BTPP Shares (the "Option Agreement"). In accordance with this agreement, Samsung C&T is entitled to use the option if the relevant conditions of the option agreement are not fulfilled.

Due to absence of a coherent version of the project support package and financing of BTPP construction, on 31 August 2016 Samsung C&T notified the Company of its intention to exercise the option to sell the shares in accordance with the Option Agreement.

The Company concluded that the above-mentioned events indicates impairment of the Company's investments in BTPP in line with IAS 36 "Impairment of Assets". Accordingly, at 31 December 2017 the investments in BTPP were fully impaired.

On 16 November 2018 the settlement agreement with Samsung C&T was concluded. In accordance with this agreement, Kazakh side, Government and Samruk-Energy are jointly obliged to pay the agreed upon amount to Samsung C&T by 30 November 2019. Upon receipt of the payment, Samsung C&T shall transfer 50% + 1 shares in BTPP to Samruk-Energy. In this regard, at 31 December 2018 the Company recognised provision for the total amount of liability (Note 20). The Government made a decision to provide the Company with necessary funds to settle the obligation to Samsung C&T. Since it is assumed that the costs required to settle the obligation to Samsung C&T will be fully recoverable, in line with IAS 37, as at 31 December 2018 the recoverable amount was recognised as a separate asset equal to the provision amount (Note 13). The relevant loss from liability recognition and gain from asset recognition were offset in profit or loss according to IAS 37.

Management believes that the potential voting right related to future transfer of shares under the settlement agreement is not substantive, and at 30 June 2019 the Group does not control BTPP. Accordingly, at 30 June 2019 BTPP is still accounted for using the equity method.

## **5 Segment Information**

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of the CODM are performed by the management board of the Group.

CODM is responsible for decision making on operating activities, assess segment results on the basis of revenue and profit before tax. CODM monitors the revenue and operating profit. CODM also monitors the consolidated adjusted EBITDA, which is calculated as profit/(loss) for the period before accounting for finance income and finance expense, income tax expenses, depreciation of property, plant and equipment and amortisation of intangible assets, impairment of property plant and equipment and investment property, impairment of goodwill, share of profit/(loss) of associates and joint ventures and effects, related to acquisition and other similar effects. Sequence for identification of adjusted EBITDA by Group might be different from sequence used by other companies.

### ***(a) Description of products and services from which each reportable segment derives its revenue***

The Group is organised on the basis of three main business segments:

- Production of electricity and heating energy;
- Transmission and distribution of electricity;
- Sale of electricity.

### ***(b) Performance of operating segments***

The CODM evaluates performance of each segment based on a measure of revenue and profit before tax.

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**5 Segment Information (Continued)**

	Production of electricity and heating energy		Electricity transmission and distribution		Sale of electricity		Other		Inter-segment operations		Total	
	6 months ended		6 months ended		6 months ended		6 months ended		6 months ended		6 months ended	
<i>In thousands of Kazakhstan Tenge</i>	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>Sales of electricity</b>	66,726,145	90,301,083	-	-	48,982,333	47,217,981	-	-	(25,171,468)	(25,590,537)	93,537,010	111,928,527
<b>Sales of heating energy</b>	8,966,428	12,071,651	-	-	-	-	-	-	-	-	8,966,428	12,071,651
<b>Rental income from renewable energy sources</b>	2,393,014	2,562,957	-	-	-	-	-	-	-	-	2,393,014	2,562,9517
<b>Income from maintenance of electric power capacity</b>	2,962,267	-	-	-	-	-	-	-	(89,734)	-	2,872,533	-
<b>Transmission of electricity</b>	-	-	18,485,239	20,561,536	-	-	-	-	(16,730,767)	(17,670,067)	1,754,472	2,891,469
<b>Rental income from investment property</b>	-	-	-	-	-	-	1,949,945	1,685,072	-	-	1,949,945	1,685,072
<b>Sales of chemically purified water</b>	761,543	881,783	-	-	-	-	-	-	-	-	761,543	881,783
<b>Other</b>	309,767	47,220	-	-	-	-	533,035	397,486	(533,034)	(397,506)	309,768	47,200
<b>Total external revenue</b>	<b>82,119,164</b>	<b>105,864,694</b>	<b>18,485,239</b>	<b>20,561,536</b>	<b>48,982,333</b>	<b>47,217,981</b>	<b>2,484,980</b>	<b>2,082,558</b>	<b>(42,525,003)</b>	<b>(43,658,110)</b>	<b>109,544,713</b>	<b>132,068,679</b>



**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**5 Segment Information (Continued)**

<i>In thousands of Kazakhstan Tenge</i>	Production of electricity and heating energy		Electricity transmission and distribution		Sale of electricity		Other		Inter-segment operations		Total	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Cost of sales	(67,751,565)	73,290,304)	(15,142,690)	(14,046,038)	(48,501,563)	(47,074,789)	(403,696)	(288,145)	41,963,113	43,240,632	(89,836,401)	(91,458,644)
Less depreciation and amortisation	(23,126,071)	(20,659,082)	(3,890,484)	(3,217,342)	(116,750)	(41,423)	(315,328)	(213,949)	-	-	(27,448,633)	(24,131,796)
General and administrative expenses	(2,326,309)	(3,368,757)	(421,050)	(463,469)	(330,675)	(440,711)	(3,022,492)	(3,140,174)	551,025	387,311	(5,549,501)	(7,025,800)
Selling expense	(2,309,973)	(9,120,289)									(2,309,973)	(9,120,289)
Finance costs	(6,542,042)	(7,063,297)	(1,201,318)	(1,314,129)	(151,375)	(144,873)	(11,563,334)	(11,448,445)	2,844,054	1,076,013	(16,614,016)	(18,894,731)
Less interest expense	(5,402,015)	(8,421,537)	(821,329)	(827,132)	(119,119)	(155,268)	(5,819,935)	(4,767,501)	-	-	(12,162,398)	(14,171,438)
Finance income	2,872,163	2,121,520,	21,437	43,058	48,078	18,030	1,892,843	1,769,573	(2,850,636)	(2,778,691)	1,983,885	1,173,490
Share of profit of joint ventures and associates and investment impairment	-	-	-	-	-	-	6,808,898	6,635,769	-	-	6,808,898	6,635,769
Impairment of non- financial assets	156,375	171,896	(895)	-	(349)	78	353,305	(198,486)	141,661	13,161	650,097	(13,351)
<b>Profit/ (loss) before income tax from continuing operations</b>	<b>6,113,498</b>	<b>14,060,710</b>	<b>1,884,178</b>	<b>4,936,474</b>	<b>26,320</b>	<b>(428,331)</b>	<b>27,650,565</b>	<b>2,175,681</b>	<b>(30,877,982)</b>	<b>(7,281,967)</b>	<b>4,796,579</b>	<b>13,462,567</b>
Capital expenditure	(11,129,579)	(9,176,952)	(5,138,227)	(6,843,243)	(12,242)	(29,408)	(77,688)	(46,297)	-	-	(16,357,736)	(16,095,900)
Reportable segment assets	710,229,428	735,036,829	127,918,181	128,788,413	11,477,286	10,729,829	249,812,816	179,372,300	(145,823,107)	(80,307,089)	953,614,604	973,626,282
Assets of the discontinued operations segment	-	-	-	-	-	-	16,310,782	16,130,771	-	-	16,310,782	16,130,771
Reportable segment liabilities	269,093,638	266,182,910	39,814,234	45,727,041	11,006,520	10,280,464	285,871,963	251,495,981	(118,119,951)	(65,959,970)	487,666,404	507,726,426
Liabilities of the discontinued operations segment	-	-	-	-	-	-	2,135,877	2,018,682	-	-	2,135,877	2,018,682

**5 Segment information (Continued)**

**(c) Reconciliation of total adjusted EBITDA to total profit before income tax is provided as follows**

<i>In thousands of Kazakhstan Tenge</i>	<b>Six months ended 30 June 2019</b>	<b>Six months ended 30 June 2018</b>
<b>Adjusted EBITDA for the period</b>	<b>39,273,116</b>	<b>48,613,864</b>
Depreciation and amortisation	(27,448,633)	(24,131,796)
Finance income	1,983,885	1,173,490
Finance costs	(16,614,016)	(18,894,731)
Share of profit of joint ventures and associates	6,808,898	6,635,769
Provision/(reversal) of the provision for impairment of goodwill and assets	650,097	(13,351)
<b>Profit before income tax for the period</b>	<b>4,653,347</b>	<b>13,383,245</b>
<b>Loss before income tax from discontinued operations</b>	<b>(143,232)</b>	<b>(79,322)</b>
<b>Total profit before income tax from continuing operations</b>	<b>4,796,579</b>	<b>13,462,567</b>

**(d) Major customers**

During the six months ended 30 June 2019, 10% of the total revenue was sold to the companies under the control of Samruk-Kazyna. There were no significant changes in the assets and liabilities of operating segments, except for those disclosed in the latest annual consolidated financial statements.

**6 Balances and Transactions with Related Parties**

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

The related parties include the companies under control of Samruk-Kazyna. Transactions with the state owned entities are not disclosed when they are entered into in the ordinary course of business with terms consistently applied to all public and private entities i) when they are not individually significant, ii) if the Group's services are provided on the standard terms available for all customers, or iii) where there is no choice of supplier of such services as electricity transmission services, telecommunications and etc.

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**6 Balances and Transactions with Related Parties (Continued)**

At 30 June 2019, the outstanding balances with related parties were as follows (including outstanding balances of discontinued operations):

<i>In thousands of Kazakhstan Tenge</i>	<b>Companies under common control</b>	<b>JVs and associates of Samruk- Energy</b>	<b>JVs and associates of Samruk- Kazyna</b>	<b>Shareholders</b>	<b>Government related entities</b>
Trade and other receivables	3,741,999	134,827	1,086	-	2,690,226
Cash and cash equivalents	51,943	-	-	-	586,022
Loans given	-	136,263	-	-	-
Other current assets	27,454	2,378,784	-	68,495,400	-
Assets intended for the benefit of the Shareholder	-	-	-	1,184,095	-
Borrowings	-	-	-	62,336,337	18,648,137
Lease liabilities	22,487	-	-	530,582	-
Other distributions to the Shareholder	-	-	-	1,184,095	-
Trade and other payables	3,351,246	1,810,732	-	3,177	194,809
Other current liabilities	-	-	-	-	5,841,513

At 31 December 2018, the outstanding balances with related parties (including balances of the disposal group) were as follows):

<i>In thousands of Kazakhstan Tenge</i>	<b>Companies under common control</b>	<b>JVs and associates of Samruk-Energy</b>	<b>JVs and associates of Samruk- Kazyna</b>	<b>Shareholders</b>	<b>Government related entities</b>
Trade and other receivables	2,106,146	75,624	273	-	9,274,043
Cash and cash equivalents	5,477	-	-	-	64,995
Assets intended for the benefit of the Shareholder	-	-	-	1,184,095	-
Other current assets	133,564	421	-	69,156,000	6,514,628
Borrowings	-	-	4,888	62,293,718	19,777,041
Trade and other payables	1,586,595	2,572,376	-	49,788	270,983
Lease liabilities	-	-	-	516,230	-
Other distributions to the Shareholder	-	-	-	1,184,095	-
Other current liabilities	60,289	-	-	-	5,841,513

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**6 Balances and Transactions with Related Parties (Continued)**

The income and expense items with related parties for six months ended 30 June 2019 (including turnover of the group disposal) were as follows:

<i>In thousands of Kazakhstan Tenge</i>	<b>Companies under common control</b>	<b>JVs and associates of Samruk- Energy</b>	<b>JVs and associates of Samruk- Kazyna</b>	<b>Share holders</b>	<b>Government related entities</b>
Revenue	14,733,571	664,067	11,710	-	10,105,294
Cost of sales	16,212,604	13,414,799	-	-	4,468,271
General and administrative expenses	172,559	-	-	-	14,480
Selling expense	2,278,717	-	-	-	-
Other expenses	202,548	-	-	39,493	-
Other income	198,582	449,363	-	-	-
Finance costs	1,583	-	-	3,236,151	661,928
Finance income	-	37,409	-	-	-
Loss on foreign exchange	-	56,648	-	660,600	109,395

The income and expense items with related parties for six months ended 30 June 2018 (including turnover of the group disposal) were as follows:

<i>In thousands of Kazakhstan Tenge</i>	<b>Companies under common control</b>	<b>JVs and associates of Samruk- Energy</b>	<b>JVs and associates of Samruk- Kazyna</b>	<b>Share holders</b>	<b>Government related entities</b>
Revenue	11,240,564	1,217,455	12,786	-	13,283,371
Cost of sales	14,415,065	14,378,806	25	-	1,363,212
General and administrative expenses	150,056	-	-	-	-
Selling expense	9,107,859	-	-	-	-
Other expenses	227,695	57,689	3,098	43,627	-
Other income	289	-	-	-	3,827
Finance costs	-	-	-	3,021,280	649,750
Finance income	-	23,703	-	-	-
Loss on foreign exchange	-	-	14,617	-	248,886

Key management compensation is presented below:

<i>In thousands of Kazakhstan Tenge</i>	<b>Six months ended 30 June 2019</b>	<b>Six months ended 30 June 2018</b>
Key management compensation	89,311	59,234
<b>Total key management compensation</b>	<b>89,311</b>	<b>59,234</b>

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel as at 30 June 2019 comprises 3 persons (30 June 2018: 4 persons).

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**7 Property, Plant and Equipment**

Movements in the carrying amount of property, plant and equipment were as follows:

<i>In thousands of Kazakhstan Tenge</i>	<b>Buildings and constructions</b>	<b>Machinery and equipment</b>	<b>Other</b>	<b>Construction in progress</b>	<b>Total</b>
Cost at 1 January 2019	235,633,439	627,802,673	14,505,320	120,446,759	998,388,191
Accumulated depreciation and impairment	(59,821,238)	(173,230,183)	(5,984,932)	(2,898,217)	(241,934,570)
<b>Carrying amount at 1 January 2019</b>	<b>175,812,201</b>	<b>454,572,490</b>	<b>8,520,388</b>	<b>117,548,542</b>	<b>756,453,621</b>
Additions	61,300	401,134	212,188	14,681,380	15,356,001
Change in an accounting estimate	-	(31,407)	-	-	(31,407)
Transfers	15,573,296	3,742,652	21,036	(19,336,984)	-
Disposals	(91,620)	(40,215)	(10,886)	99,711	(43,009)
Depreciation	(5,453,658)	(20,939,494)	(431,054)	-	(26,824,206)
Reversal of impairment	-	-	-	163,158	163,158
Cost at 30 June 2019	251,176,415	631,906,244	14,727,658	115,890,866	1,013,701,183
Accumulated depreciation and impairment	(65,274,896)	(194,169,677)	(6,415,986)	(2,898,217)	(268,758,776)
<b>Carrying amount at 30 June 2019</b>	<b>185,901,519</b>	<b>437,736,567</b>	<b>8,311,672</b>	<b>112,992,649</b>	<b>744,942,407</b>

Additions include capitalised borrowing costs in the amount of Tenge 863,655 thousand. The average capitalisation rate for interest expenses is 11.97% (2018: 12.18%).

As at 30 June 2019 the property, plant and equipment with carrying value of Tenge 6,242,635 thousand (31 December 2018: Tenge 5,556,204 thousand) were pledged as collateral for borrowings received by the Group from Development Bank of Kazakhstan JSC.

Depreciation charge is allocated to the following items of profit and loss for the period:

<i>In thousands of Kazakhstan Tenge</i>	<b>Six months ended 30 June 2019</b>	<b>Six months ended 30 June 2018</b>
Cost of sales	26,382,280	23,502,139
General and administrative expenses	435,516	306,439
Other operating expenses	6,410	6,531
<b>Total depreciation charges</b>	<b>26,824,206</b>	<b>23,815,109</b>

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**8 Right-Of-Use-Assets and Lease Liabilities**

Movements in the carrying amount of property, plant and equipment were as follows:

<i>In thousands of Kazakhstan Tenge</i>	<b>Buildings and constructions</b>	<b>Machinery and equipment</b>	<b>Other (including land)</b>	<b>Software</b>	<b>Total</b>	<b>Lease liabilities</b>
Carrying amount at 31 December 2018	-	31,407	-	502,899	534,306	545,636
Changes in accounting policies	2,479,310	31,855	398,569	-	2,909,734	2,909,734
<b>Carrying amount at 1 January 2019</b>	<b>2,479,310</b>	<b>63,262</b>	<b>398,569</b>	<b>502,899</b>	<b>3,444,040</b>	<b>3,455,370</b>
Additions	-	-	2,696	-	2,696	2,696
Change in an accounting estimate	-	-	(79)	-	(79)	(79)
Depreciation	(264,576)	(4,673)	(10,088)	-	(279,328)	-
Interest expense	-	-	-	-	-	180,861
Payments	-	-	-	-	-	(562,758)
Transfers and reclassifications	-	-	-	-	-	(5,500)
Cost at 30 June 2019	2,479,366	63,262	401,130	502,899	3,446,657	-
Accumulated depreciation and impairment	(264,567)	(4,673)	(10,088)	-	(279,328)	-
<b>Carrying amount at 30 June 2019</b>	<b>2,214,799</b>	<b>58,589</b>	<b>391,042</b>	<b>502,899</b>	<b>3,167,329</b>	<b>3,070,590</b>

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**9 Investments in Joint Ventures and Associates**

The table below summarises the movements in the carrying amount of the Group's investment in joint ventures and associates.

<i>In thousands of Kazakhstan Tenge</i>	Joint ventures		Associates	Total
	EGRES-2	Forum Muider	BTPP	
<b>Balance at 1 January 2018</b>	<b>22,264,624</b>	<b>30,623,596</b>	-	<b>52,888,220</b>
Share of profit/(loss) for the period	(97,030)	6,732,799	-	6,635,769
Dividends received	-	(399,721)	-	(399,721)
<b>Balance at 30 June 2018</b>	<b>22,167,594</b>	<b>36,956,674</b>	-	<b>59,124,268</b>
<b>Balance at 1 January 2019</b>	<b>18,852,903</b>	<b>37,007,597</b>	-	<b>55,860,500</b>
Share of profit/(loss) for the period	454,231	6,354,667	-	6,808,898
Dividends received	-	(6,491,795)	-	(6,491,795)
<b>Balance at 30 June 2019</b>	<b>19,307,134</b>	<b>36,870,469</b>	-	<b>56,177,603</b>

As of 30 June 2019, The Group has interests in the following jointly controlled entities:

- EGRES-2 – 50%. The remaining 50% interest is owned by Inter-RAO PJSC.
- Forum Muider B.V. – 50%. The remaining 50% is owned by UC RUSAL.

The Group has shares in associated company: BTPP (50% minus 1 share), the entity registered in the RoK and established by the Group in 2008 for the construction of the Balkhash thermal power plant. Entity's shareholders are Samsung C&T and the Company, share participation of 50% + 1 shares and 50% - 1 share, respectively, as of 30 June 2019 (Note 4).

**10 Other Non-Current Assets**

<i>In thousands of Kazakhstan Tenge</i>	30 June 2019	31 December 2018
Long-term receivables	10,308,757	9,936,270
Bonds	2,112,234	2,543,159
Less: impairment provision	(191,853)	(288,944)
<b>Total other financial non-current assets</b>	<b>12,229,137</b>	<b>12,190,485</b>
Prepayments for non-current assets	3,518,700	1,418,506
Non-current VAT recoverable	549,366	549,366
Other	120,834	124,637
<b>Total other non-current assets</b>	<b>16,418,038</b>	<b>14,282,994</b>

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**10 Other Non-Current Assets (Continued)**

Gross amount of other non-current assets includes advances and prepayments for the following types of construction and property, plant and equipment:

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
Construction and reconstruction of substations in Almaty and Almaty region	3,216,934	934,240
Modernisation of Shardarinskaya HPP	301,766	484,266
Other	-	-
<b>Total prepayments for non-current assets</b>	<b>3,518,700</b>	<b>1,418,506</b>

**11 Inventories**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
Auxiliary production materials	5,448,558	5,241,855
Fuel	4,403,412	4,040,060
Spare parts	1,179,001	739,976
Raw materials	545,352	24,854
Other materials	23,054	320,730
Less: provision for write down to net realisable value and provision for slow-moving and obsolete inventories	(982,926)	(993,814)
<b>Total inventories</b>	<b>10,616,451</b>	<b>9,373,661</b>

**12 Trade and Other Receivables**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
Trade receivables	18,830,988	24,538,649
Less: impairment provision	(1,112,308)	(1,170,314)
<b>Total financial trade receivables</b>	<b>17,718,680</b>	<b>23,368,335</b>
Other receivables	4,145,001	4,122,563
Less: impairment provision	(3,602,984)	(3,577,484)
<b>Total trade and other receivables</b>	<b>18,260,697</b>	<b>23,913,414</b>

Company's financial trade and other receivables are denominated in Tenge as at 30 June 2019 and 31 December 2018. Their carrying amounts approximate their fair values due to the short-term nature. As of 30 June 2019 the receivable from Maikuben West LLP was fully impaired for the amount of Tenge 3,449,422 thousand (2018: Tenge 3,477,982 thousand).



**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**13 Other Current Assets**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
Restricted cash	7,255,423	13,853,678
Reimbursement receivable for BTPP (Note 4)	68,495,400	69,156,000
Term deposits	2,331,570	2,286,731
Other receivables	4,663,581	5,171,414
Dividends receivable	2,378,784	421
Loans given	136,263	104,228
Bonds	32,981	29,449
Less: impairment provision	(1,019,017)	(1,222,362)
<b>Total other financial current assets</b>	<b>84,274,985</b>	<b>89,379,559</b>
Assets held for the benefit of the Shareholder	1,184,095	1,184,095
VAT recoverable and prepaid taxes	1,657,765	1,377,916
Advances to suppliers	1,421,982	1,011,092
Other	1,303,915	1,084,366
Less: impairment provision	(359,548)	(363,652)
<b>Total other current assets</b>	<b>89,483,194</b>	<b>93,673,376</b>

As of 30 June 2019 term deposits are denominated in Tenge (31 December 2018: Tenge 1,794,866 thousand are denominated in US dollars)

As of 30 June 2019 other receivables for the amount of Tenge 4,663,581 thousand include short-term debt of customers of subsidiaries that were sold during 2017 for Tenge 2,085,454 thousand, as well as accounts receivable from Tauba Invest LLP for Tenge 2,420,310 thousand, including impairment of Tenge 511 487 thousand (2018: Tenge 2,218,131 thousand, including impairment of Tenge 716,319 thousand).

**14 Cash and Cash Equivalents**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
Deposits on demand	3,129,340	4,075,646
Cash at current bank accounts	4,267,357	9,509,200
Cash on hand	20,913	19,489
<b>Total cash and cash equivalents</b>	<b>7,417,610</b>	<b>13,604,335</b>

Deposits on demand have contractual maturity terms less than three months or are repayable on demand.

Cash and cash equivalents are denominated in the following currencies:

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
Kazakhstan Tenge	7,038,696	12,003,955
US Dollar	277,633	1,493,875
Other currencies	101,281	106,505
<b>Total cash and cash equivalents</b>	<b>7,417,610</b>	<b>13,604,335</b>

## 15 Non-Current Assets Held for Sale and Disposal Groups

On November 2016 the Board of Directors approved the terms of sale a number of subsidiaries in accordance with the Decree of the Government on the privatization of assets. As of 30 June 2019 all assets and liabilities of Tegis Munai LLP ("TM"), and its subsidiary Mangyshlak Munai LLP ("MM") have been included in assets held for sale.

Since the operations of TM represented separate major types of the Group's operations, these disposal groups are presented as discontinued operations in the condensed consolidated interim financial statements.

Major classes of assets classified as disposal group are as follows:

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
Property, plant and equipment	15,585,460	15,480,616
Other non-current assets	697,321	621,948
Inventories	2,402	4,457
Other current assets	11,097	3,920
Cash and cash equivalents	14,502	19,830
<b>Total assets of the disposal group classified as assets held for sale</b>	<b>16,310,782</b>	<b>16,130,771</b>
Other liabilities	2,031,815	1,900,120
Trade payables	104,062	118,562
<b>Total liabilities of the disposal group classified as assets held for sale and liabilities directly associated with the disposal group</b>	<b>2,135,877</b>	<b>2,018,682</b>
<b>Net assets</b>	<b>14,174,905</b>	<b>14,112,089</b>

TM incurred expenses of Tenge 143,232 thousand for the period ended 30 June 2019 (Tenge 79,322 thousand for the year ended on 30 June 2018).

As at 30 June 2019, management updated the fair value estimates for TM and MM. Based on the updated valuation, the carrying amount of net assets does not exceed fair value, less costs to sell at the reporting date.

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**16 Equity**

**Share capital**

At 30 June 2019, 5,601,687 issued ordinary shares were fully paid (2018: 5,601,687 shares fully paid). Each ordinary share carries one vote. The Company does not have any preference shares. The number of authorised shares is 8,602,187.

On 23 April 2019, the Group declared dividends to its only Shareholder for amount of Tenge 2,041,000 thousand – Tenge 364.35 per share (15 June 2018: Tenge 2,041,000 thousand). As of 20 June 2019 dividends were fully repaid.

KASE listing requirements include disclosure of the book value of one share. As of 30 June 2019, this indicator, calculated by the management of the Company on the basis of the financial statements, is equal to Tenge 85,001 (31 December 2018: Tenge 84,839).

**Other reserves**

<i>In thousands of Kazakhstan Tenge</i>	<b>Merger reserve</b>	<b>Result of transactions with shareholder</b>	<b>Other comprehensive income/(loss)</b>	<b>Total</b>
<b>Balance at 1 January 2019</b>	<b>37,282,287</b>	<b>90,607,549</b>	<b>(476,927)</b>	<b>127,412,909</b>
Other comprehensive loss	-	-	(12,814)	(12,814)
<b>Balance at 30 June 2019</b>	<b>37,282,287</b>	<b>90,607,549</b>	<b>(489,741)</b>	<b>127,400,095</b>

**17 Borrowings**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Non-current portion</b>		
Bank term loans	133,800,396	164,318,418
Loans from Samruk-Kazyna	59,743,986	59,693,110
Bonds issued	24,790,537	41,648,019
Loans from customers	1,270,841	1,299,563
<b>Total borrowings – non-current portion</b>	<b>219,605,760</b>	<b>266,959,110</b>
<b>Current portion</b>		
Bank term loans	72,659,198	38,961,930
Loans from Samruk-Kazyna	2,592,354	2,600,608
Loans from customers	446,367	707,043
Bonds issued	360,287	1,134,078
<b>Total borrowings – current portion</b>	<b>76,058,206</b>	<b>43,403,659</b>
<b>Total borrowings</b>	<b>295,663,966</b>	<b>310,362,769</b>

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**17 Borrowings (Continued)**

Carrying amount of borrowings by the Group companies is as follows:

<i>In thousands of Kazakhstan Tenge</i>	<b>Effective interest rate, %</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
<i>Samruk-Energy</i>			
Samruk-Kazyna	7.42%-12.11%	62,336,340	62,293,718
Bonds	10.92%-12.88%	25,150,824	42,782,097
European bank for reconstruction and development	3%-4%+All in cost	22,906,583	31,608,886
Sberbank JSC SB	10.9%	14,065,332	2,250,655
Halyk Bank of Kazakhstan JSC	11.00%	20,091,556	-
Asian Development Bank	3,5%-4,5%+All in cost	30,403,095	-
<b>Total Samruk-Energy</b>		<b>174,953,730</b>	<b>138,935,356</b>
<i>AZHK</i>			
Halyk Bank of Kazakhstan JSC	12.9% -13.40%	10,730,030	15,927,688
Loans from customers	13%	1,717,208	2,006,606
<b>Total AZHK</b>		<b>12,447,238</b>	<b>17,934,294</b>
<i>Almaty Power Stations LLP</i>			
Halyk Bank of Kazakhstan JSC	8% - 13.4%	25,735,999	30,865,441
<b>Total Almaty Power Stations LLP</b>		<b>25,735,999</b>	<b>30,865,441</b>
<i>Moinak Hydro Power Station JSC</i>			
State Development Bank of China	6MLIBOR+1.2%	-	54,305,480
Development Bank of Kazakhstan JSC	1.15%*6MLIBOR+1.15%, 7.55%, 8%, 12%	18,648,137	19,848,705
<b>Total Moinak Hydro Power Station JSC</b>		<b>18,648,137</b>	<b>74,154,185</b>
<i>AlmatyEnergoSbyt LLP</i>			
Halyk Bank of Kazakhstan JSC	11.7 %	1,771,813	2,491,393
<b>Total AlmatyEnergoSbyt LLP</b>		<b>1,771,813</b>	<b>2,491,393</b>
<i>PVES LLP</i>			
Eurasian Development Bank	10.62-12.64%	8,206,906	9,166,840
<b>Total PVES LLP</b>		<b>8,206,906</b>	<b>9,166,840</b>
<i>Shardarinskaya HPP JSC</i>			
European bank for reconstruction and development	10.61%	24,678,879	13,763,824
<b>Total Shardarinskaya HPP JSC</b>		<b>24,678,879</b>	<b>13,763,824</b>
<i>EGRES-1</i>			
Sberbank JSC SB	12.1%	19,651,504	23,051,436
Halyk Bank of Kazakhstan JSC	11.5%	9,569,760	-
<b>Total EGRES-1</b>		<b>29,221,264</b>	<b>23,051,436</b>
<b>Total borrowings</b>		<b>295,663,966</b>	<b>310,362,769</b>

## **17 Borrowings (Continued)**

For the six months ended 30 June 2019 the following significant changes in loans:

### ***Samruk-Energy***

During the six months of 2019 on the Kazakhstan Stock Exchange trading system, specialized trades were conducted on partial and early redemption of 16,872,498 pcs of bonds within the first bond program. Trades resulted in Samruk-Energy JSC repurchasing its own issued bonds for Tenge 17,942,210 thousand, including principal amount (total nominal value of bonds) of Tenge 17,655,846 thousand and a coupon interest of Tenge 286,364 thousand.

During the six months of 2019, the Company repaid the principal on a loan from the European Bank for Reconstruction and Development of Tenge 8,833,754 thousand.

During the six months of 2019, Samruk-Energy JSC received 4 short-term tranches under a revolving credit facility at JSC SB Sberbank for a total of Tenge 28,400,000 thousand with maturity of 2 months, some of which had been repaid early in the reporting period. As of 30 June 2019, the outstanding amount of the principal payable to JSC SB Sberbank amounts to Tenge 14,000,000 thousand.

During the six months of 2019, Samruk-Energy JSC received a short-term tranche of Tenge 20,000,000 thousand under the revolving credit line in the Halyk Bank of Kazakhstan JSC with maturity of 6 months.

On 30 January 2019, the company received tranches from ADB under the Credit Line Agreement dated 8 November 2018 totalling 30,468,800 thousand (on the credit line B - Tenge 15,234,400 thousand for 5 years, on the credit line C - Tenge 15,234,400 thousand for 7 years).

### ***AZHK***

During the 6 months ended on 30 June 2019, the Company performed early redemption of the principal amount of Tenge 6,851,333 thousand on a loan from Halyk Bank of Kazakhstan JSC within the current credit line for working capital replenishment.

### ***ALES***

During the six months ended on 30 June 2019, the Company performed early redemption of the principal amount of Tenge 4,200,000 thousand on the loan from Halyk Bank of Kazakhstan JSC within the current credit line for working capital replenishment.

### ***Moinak Hydro Power Station JSC***

During the six months ended on 30 June 2019, Moinak Hydro Power Station JSC (the "MHPP") performed early redemption of a foreign currency loan raised from the State Development Bank of China of US Dollar 136,337,142, the equivalent in Tenge at the maturity date was Tenge 51,587,248 thousand. The loan was repaid at the expense of funds generated from the issuance of MHPP bonds at the Astana International Stock Exchange platform for Tenge 47 billion, and using funds on the MHPP security account in the Development Bank of Kazakhstan, previously opened as part of loan servicing.

### ***Shardarinskaya HPP JSC***

As part the loan agreement between Shardarinskaya HPP JSC, EBRD and Samruk-Energy JSC, the loan amount was increased from Tenge 14,350,000 thousand to Tenge 25,870,000 thousand, during six months of 2019. Shardarinskaya HPP JSC has acquired cash of Tenge 11,520,000 thousand to implement Modernization of the Shardarinskaya HPP project.

### ***EGRES-1***

During the six months of 2019, EGRES-1 LLP has acquired Tenge 9,000,000 thousand on a revolving credit line from Halyk Bank of Kazakhstan JSC for a year.

For all other loans, the Group paid principal and accrued interest in accordance with loan agreements.

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**18 Trade and Other Payables**

<i>In thousands of Kazakhstan Tenge</i>	<b>30 June 2019</b>	<b>31 December 2018</b>
Trade payables	11,527,434	14,048,376
Payables to Samsung C&T on BTPP (Note 4)	68,495,400	69,156,000
Payable to Almaty Akimat (Note 4)	5,841,514	5,841,514
Dividends payable	903,691	834,849
Finance leases	-	144,244
Other financial trade payables	370,689	1,122,723
<b>Total financial trade payables</b>	<b>87,138,728</b>	<b>91,147,706</b>
Advances received from customers	1,763,901	1,941,232
Accrued provisions for unused vacations	2,139,162	1,861,398
Other payables	1,465,615	2,099,050
Salaries payable	1,137,415	1,667,526
Other distributions to Shareholder	1,184,095	1,184,095
<b>Total trade and other payables</b>	<b>94,828,916</b>	<b>99,901,007</b>

As of 30 June 2019 and 31 December 2018 the Company's financial trade payables to Samsung C&T are denominated in US Dollars and are USD 180,000 thousand.

**19 Revenue**

<i>In thousands of Kazakhstan Tenge</i>	<b>Six months ended 30 June 2019</b>	<b>Six months ended 30 June 2018</b>	<b>Three months ended 30 June 2019</b>	<b>Three months ended 30 June 2018</b>
Sales of electricity	90,537,010	111,928,527	41,326,030	52,071,409
Sales of heating energy	8,966,428	12,071,651	1,586,164	2,273,001
Income from maintenance of electric power capacity	2,872,533	-	1,448,332	-
Income from transmission of electricity	1,754,472	2,891,469	781,945	1,331,709
Rental income from renewable energy sources	2,393,014	2,562,957	899,482	1,319,752
Rental income from investment property	1,949,945	1,685,072	977,398	856,554
Sales of chemically purified water	761,543	881,783	393,582	449,383
Other	309,768	47,220	69,751	28,229
<b>Total revenue</b>	<b>109,544,713</b>	<b>132,068,679</b>	<b>47,482,684</b>	<b>58,330,037</b>

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**20 Cost of Sales**

	Six months ended 30 June 2019	Six months ended 30 June 2018	Three months ended 30 June 2019	Three months ended 30 June 2018
<i>In thousands of Kazakhstan Tenge</i>				
Fuel	24,120,163	29,537,045	7,126,052	11,067,918
Depreciation of property, plant and equipment and amortisation of intangible assets	26,888,168	23,657,513	13,437,759	11,914,358
Payroll and related expenses	12,372,069	12,002,808	6,210,329	5,968,781
Cost of purchased electricity	8,576,788	5,794,195	5,948,988	3,934,411
Electricity transmission and other services	4,491,066	4,914,193	2,423,991	2,421,831
Taxes other than on income tax	4,129,660	4,594,996	1,942,014	2,178,849
Third party services	2,397,399	3,704,101	1,089,578	1,827,076
Repairs and maintenance	1,757,490	2,297,271	1,144,498	1,498,443
Water supply	1,699,958	2,274,604	745,688	1,186,613
Materials	768,407	829,523	393,582	298,449
Security services	539,831	504,234	275,916	249,275
Rent services	31,253	95,799	15,476	48,753
Electricity losses on transmission	679,598	65,888	348,109	45,532
Accrual/(reversal) of provision on obsolete and slow-moving inventories	15,829	(180,890)	10,118	(2,626)
Other	1,368,722	1,367,364	764,178	692,266
<b>Total cost of sales</b>	<b>89,836,401</b>	<b>91,458,644</b>	<b>41,876,276</b>	<b>43,329,929</b>

**21 Selling Expense**

	Six months ended 30 June 2019	Six months ended 30 June 2018	Three months ended 30 June 2019	Three months ended 30 June 2018
<i>In thousands of Kazakhstan Tenge</i>				
Electricity transmission	11,482	5,870,443	11,482	2,986,493
Dispatch and electricity control	2,275,449	3,237,416	1,012,519	1,507,754
Payroll and related expenses	22,732	7,628	15,103	3,743
Other	310	4,802	171	3,114
<b>Total selling expense</b>	<b>2,309,973</b>	<b>9,120,289</b>	<b>1,039,275</b>	<b>4,501,104</b>

Change in selling expense is due to an increase in the volume of electricity sales for export, in particular to the Russian Federation.

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**22 General and Administrative Expenses**

<i>In thousands of Kazakhstan Tenge</i>	<b>Six months ended 30 June 2019</b>	<b>Six months ended 30 June 2018</b>	<b>Three months ended 30 June 2019</b>	<b>Three months ended 30 June 2018</b>
Payroll and related expenses	3,065,341	2,650,600	1,541,580	1,271,216
Consulting and other professional services	343,374	943,634	101,642	398,068
EXPO-2018 related expenses	-	763,348	-	763,348
Depreciation of property, plant and equipment and amortisation of intangible assets	551,278	455,970	274,275	195,364
Rent expense	39,131	324,270	14,874	162,127
Taxes other than on income	151,677	258,970	49,905	84,726
Security services	204,374	131,536	86,482	65,983
Business trip and representative expenses	136,167	104,833	74,269	63,879
Materials	89,618	91,042	43,045	51,172
Repairs and maintenance	67,140	71,876	32,789	32,337
Communication expenses	54,423	61,363	26,626	31,946
Insurance	49,914	49,664	26,581	24,280
Bank fees	32,777	46,876	13,941	24,919
State duty	12,294	22,299	2,547	3,590
Transportation expenses	11,910	8,836	5,705	3,917
Charge/(reversal) of provision for impairment of trade and other receivables and other current assets	(48,281)	425,718	1,076	247,075
Other	788,364	614,965	431,028	389,090
<b>Total general and administrative expenses</b>	<b>5,549,501</b>	<b>7,025,800</b>	<b>2,726,365</b>	<b>3,813,037</b>

**23 Finance Income**

<i>In thousands of Kazakhstan Tenge</i>	<b>Six months ended 30 June 2019</b>	<b>Six months ended 30 June 2018</b>	<b>Three months ended 30 June 2019</b>	<b>Three months ended 30 June 2018</b>
Interest income on bank deposits	721,718	677,745	267,754	250,961
Income from unwinding of discount on non-current receivables	372,487	404,880	189,751	204,761
Interest income on bonds	96,127	58,276	47,568	27,176
Foreign exchange gains less losses	618,015	-	-	-
Other	175,538	32,589	146,615	16,895
<b>Total finance income</b>	<b>1,983,885</b>	<b>1,173,490</b>	<b>651,689</b>	<b>499,793</b>



**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**24 Finance Costs**

	Six months ended 30 June 2019	Six months ended 30 June 2018	Three months ended 30 June 2019	Three months ended 30 June 2018
<i>In thousands of Kazakhstan Tenge</i>				
Interest expense on borrowings	10,132,598	12,863,032	5,306,192	5,846,262
Foreign exchange losses less gains	-	1,540,458	88,955	4,125,330
Interest expense on bonds	2,029,800	1,308,406	771,186	654,203
Dividends on preference shares of subsidiaries	70,554	70,554	35,277	35,277
Losses on bonds redemption	783,348	-	783,348	-
Unwinding of the present value of discount:				
- loans and financial aids from Shareholder	2,610,945	2,241,791	1,220,154	1,134,844
- employee benefit obligations	113,600	61,803	85,989	30,221
- provision for ash dump restoration	81,763	83,211	40,881	45,205
- loans from customers	106,871	123,676	53,436	61,599
- bonds issued	15,015	47	4,831	47
Other	669,522	601,753	145,620	148,140
<b>Total finance costs</b>	<b>16,614,016</b>	<b>18,894,731</b>	<b>8,535,869</b>	<b>12,081,128</b>

**25 Income Tax**

	Six months ended 30 June 2019	Six months ended 30 June 2018	Three months ended 30 June 2019	Three months ended 30 June 2018
<i>In thousands of Kazakhstan Tenge</i>				
Current income tax expense	2,658,113	4,268,938	899,250	1,536,106
Deferred income tax expense	(179,769)	180,546	495,093	(299,448)
<b>Total income tax expense</b>	<b>2,478,344</b>	<b>4,449,484</b>	<b>1,394,343</b>	<b>1,236,658</b>

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**25 Income Tax (Continued)**

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

<i>In thousands of Kazakhstan Tenge</i>	<b>Six months ended 30 June 2019</b>	<b>Six months ended 30 June 2018</b>	<b>Three months ended 30 June 2019</b>	<b>Three months ended 30 June 2018</b>
<b>Profit/(loss) before income tax under IFRS</b>	<b>4,796,579</b>	<b>13,462,567</b>	<b>(4,612,453)</b>	<b>(2,361,534)</b>
Theoretical tax expense at statutory rate of 20% (2018: 20%)	959,316	2,692,513	(922,491)	(472,307)
Adjustments for:				
Share in profit of joint ventures and associates not subject to income tax	(1,361,780)	(1,327,154)	(235,208)	63,049
Other non-deductible expenses	14,044,443	454,379	717,162	309,816
Temporary differences to be recognised upon termination of investment contract	117,181	133,950	187,032	75,180
Withholding tax	65,375	30,820	27,102	8,870
Adjustment of prior years' income tax	(550,492)	-	(576,450)	-
Changes in unrecognised deferred income tax assets	(10,654,461)	2,574,057	2,160,991	783,072
Profit of Moinak HPS exempt from income tax	(141,238)	(109,081)	36,205	468,978
<b>Total income tax expense</b>	<b>2,478,344</b>	<b>4,449,484</b>	<b>1,394,343</b>	<b>1,236,658</b>

**26 Contingencies, Commitments and Operating Risks**

In addition to the information below, as of 30 June 2019 there were no contingent and contractual liabilities and operational risks other than those disclosed in the consolidated financial statements for the year ended 31 December 2018.

**Legal cases**

In the course of normal course of business, the Group is subject to litigations and claims. Currently, the Group's management believes that final obligations, if any, arising from such litigations and claims will not have any significant adverse effect on the future financial position of the Group.

**Capital commitments**

The Group reviewed its exposure to seasonal and other emerging business risks, and did not identify any risks that could affect the financial performance or position of the Group as of 30 June 2019. The Group has sufficient financial resources to fulfill its capital commitments and ensure availability working capital.

As at 30 June 2019 the Group had contractual commitments to purchase the property, plant and equipment for Tenge 157,022,666 thousand (31 December 2018: Tenge 163,374,052 thousand).

**Capital commitments of joint ventures and associates**

As at 30 June 2019 the Group's share in capital expenditure commitments of Forum Muider and ERGES-2 comprised of Tenge 15,528,254 and 24,633,379 thousand respectively (31 December 2018: Tenge 23,657,036 thousand and Tenge 23,996,285 thousand respectively).

**Compliance with covenants**

The Group has certain covenants on loans and bonds. Failure to comply with these covenants may result in negative consequences for the Group, including the growth of borrowing costs and the announcement of the default. As of 30 June 2019 the Group was in compliance with its covenants.

**SAMRUK-ENERGY JSC**  
**Condensed Consolidated Interim Statement of Cashflows (unaudited)**

**27 Fair Value of Financial Instruments**

**Fair value measurement**

The Group classifies its financial instruments at three levels established in accordance with IFRS. Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level 3 measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Fair values analyzed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

In thousands of Kazakhstan Tenge	30 June 2019				31 December 2018			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
<b>ASSETS</b>								
Cash and cash equivalents	-	7,417,610	-	7,417,610	-	13,604,335	-	13,604,335
Restricted cash	-	6,936,412	-	6,936,412	-	13,529,949	-	13,529,949
Term deposit	-	2,300,868	-	2,300,868	-	2,255,927	-	2,255,927
Financial receivables	-	17,718,681	-	17,718,680	-	23,368,335	-	23,368,335
Other financial receivables	-	72,489,677	-	72,489,677	-	73,015,816	-	73,459,585
Long-term receivables	-	9,217,550	-	10,170,117	-	9,255,653	-	9,709,486
Dividends receivable	-	-	2,378,784	2,378,784	-	-	421	421
Loans given	-	-	136,263	136,263	-	-	104,228	104,228
Bonds purchased	-	1,091,387	669,265	2,038,787	-	1,136,872	1,311,150	2,510,448
<b>Total financial assets</b>	<b>-</b>	<b>117,172,185</b>	<b>3,184,312</b>	<b>121,587,198</b>	<b>-</b>	<b>136,166,887</b>	<b>1,415,799</b>	<b>138,542,714</b>

In thousands of Kazakhstan Tenge	30 June 2019				31 December 2018			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
<b>LIABILITIES</b>								
Borrowings	-	297,241,433	-	295,663,966	-	334,848,802	-	310,362,769
Financial payables	-	87,138,727	-	87,138,726	-	91,147,706	-	91,147,706
Non-current trade payables	-	-	2,604,680	2,604,680	-	-	2,805,502	2,805,502
Lease liabilities	-	-	3,035,892	3,070,590	-	-	563,051	545,636
<b>Total financial liabilities</b>	<b>-</b>	<b>384,380,160</b>	<b>5,640,572</b>	<b>388,477,964</b>	<b>-</b>	<b>425,996,508</b>	<b>3,368,553</b>	<b>404,861,613</b>

## **27 Fair Value of Financial Instruments (Continued)**

### ***Financial assets carried at amortised cost***

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on the credit risk of the counterparty.

### ***Financial liabilities carried at amortised cost***

The estimated fair value of instruments with a fixed interest rate and a fixed maturity date for which no market quotes are available is determined on the basis of estimated cash flows discounted at current interest rates for new instruments with similar credit risk and maturity.

## **28 Events Occurring After the Reporting Period**

On July 26, 2019, the Group attracted a long-term loan from the Asian Development Bank in the amount of KZT 15,392,000 thousand with maturity of 5 years. The funds were raised at a rate of 3.75% and the total costs tied to inflation, and were used to repay short-term loans to Halyk Bank JSC and JSC SB Sberbank.

The Group made an early repayment of short-term loans to Halyk Bank JSC (10.3% per annum with maturity of 6 months) totalling Tenge 7,000,000 thousand and JSC SB Sberbank (10.5% per annum with maturity of 2 months) totalling Tenge 14,000,000 thousand.

The Group has scheduled repayment of a loan to the EBRD in the amount of Tenge 1.52 billion.

During July 2019, EGRES-1 LLP received several tranches of loan from Halyk Bank JSC for a total of Tenge 4,250,000 thousand to replenish working capital for a period of 1 year with interest rate of 10.75% per annum.