

SAMRUK-ENERGY JSC

Condensed Consolidated Interim Financial Statements (unaudited)

30 June 2018

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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 2018 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".

Pricewaterhouse doopers LLP

3 August 2018 Almaty, Kazakhstan

In thousands of Kazakhstani Tenge	Note	30 June 2018 (unaudited)	31 December 201
ASSETS			
Non-current assets			
Property, plant and equipment	7	773,660,929	700 565 00
Investment property	,,	480,293	780,565,00
Intangible assets		4,928,846	531,85
Investments in joint ventures and associates	8	59,124,268	3,799,09
Other non-current assets	9	18,283,522	52,888,22 17,991,25
Total non-current assets		856,477,858	855,775,42
Current assets Inventories	10	0.740.000	0.040.00
Trade and other receivables		8,742,266	9,046,92
Other current assets	11	21,608,317	23,956,82
Income tax prepaid	12	20,419,178	18,531,01
Cash and cash equivalents	13	1,132,298	1,432,14
Casii and Casii equivalents	13	10,542,739	32,719,04
Assets of disposal group, classified as held for sale	14	14,836,371	14,816,82
Total current assets		77,281,169	100,502,79
TOTAL ASSETS		933,759,027	956,278,21
EQUITY Chara conital			Spiner: Na St. O. C. St.
Share capital	15	373,314,888	373,314,88
Other reserves	15	127,501,089	127,546,13
Accumulated loss		(16,028,388)	(22,057,98
Equity attributable to the Group's equity holders		484,787,589	478,803,03
Non-controlling interest		821,674	707,64
TOTAL EQUITY		485,609,263	479,510,67
LIADULTICS			
LIABILITIES Non-current liabilities			
Provision for liquidation of ash dump		2,361,734	2,279,27
Employee benefit obligations	-10	1,436,438	1,314,01
Borrowings	16	282,162,799	312,574,15
Other non-current liabilities		4,715,463	4,443,21
Deferred income tax liabilities		82,234,150	82,058,11
Total non-current liabilities		372,910,584	402,668,77
Current liabilities			
Provision for liquidation of ash dump		303,533	125,00
Borrowings	16	39,065,894	45,912,88
Employee benefit obligations	10	128,570	120,36
Trade and other payables	17	30,184,278	24,897,53
Taxes payable and other payables to budget	17	2,143,344	2,600,74
ncome tax payable		3,335,662	369,33
Liabilities of disposal group, classified as held for sale	14	77,899	72,90
Total current liabilities		75,239,180	74,098,76
	NOTE AND ADDRESS.	73,233,100	74,030,70
TOTAL LIABILITIES	WOHER WA	448,149,764	476,767,54
TOTAL LIABILITIES AND EQUITY	Partie of	933,759,027	956,278,21
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Yerlan Zh. Aliyev	SCHIENH 5540008194	Saule B. Tulekova	and Tax"
Yerlan Zh. Aliyev Acting Managing Director on Economics and Finance	SCH/ENH 0540008194	Saule B. Tulekova Head of "Accounting Department - Chief A	

The accompanying notes on pages 7 to 35 are an integral part of these condensed consolidated interim financial statements

	Neste	Six months ended 30 June 2018	Six months ended 30 June 2017	Three months ended 30 June 2018	Three months ended 30 June 2017
In thousands of Kazakhstani Tenge	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	18	132,068,679	106,232,986	58,330,037	45,962,901
Cost of sales	19	(91,458,644)	(76,287,161)	(43,329,929)	(35,518,068)
Gross profit		40,610,035	29,945,825	15,000,108	10,444,833
Selling expense General and administrative expenses	20 21	(9,120,289) (7,025,800)	(7,230,962) (7,314,666)	(4,501,104) (3,813,037)	(4,130,453) (4,382,283)
Share of profit/(loss) in joint ventures and associates	8	6,635,769	(2,580,020)	(341,020)	(7,442,376)
(Impairment of assets)/Recovery of impairment of assets		(13,351)	(15,549)	2,113,836	(17,634)
Finance income	22	1,173,490	7,718,194	499,793	626,326
Finance costs Other income, net	23	(19,341,304) 544,017	(11,856,390) 768,320	(11,689,627) 369,517	(10,933,571) 296,381
Profit/(loss) before income tax		13,462,567	9,434,752	(2,361,534)	(15,538,777)
Income tax expense	24	(4,449,484)	(3,085,701)	(1,236,658)	(507,465)
Profit/(loss) for the period from continuing operations		9,013,083	6,349,051	(3,598,192)	(16,046,242)
Profit/(loss) from discontinued operations		(79,322)	2,320,927	(38,799)	(502,134)
Profit/(loss) for the period		8,933,761	8,669,978	(3,636,991)	(16,548,376)
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations		(45,041)	(84,660)	22,162	(117,531)
Total comprehensive income/(loss) for the period		8,888,720	8,585,318	(3,614,829)	(16,665,907)
Profit/(loss) is attributable to: Equity holders of the Group Non-controlling interest		8,819,727 114,034	8,478,987 190,991	(3,693,523) 56,532	(16,389,165) (159,211)
Profit/(loss) for the period		8,933,761	8,669,978	(3,636,991)	(16,548,376)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Group Non-controlling interest		8,774,686 114,034	8,394,327 190,991	(3,671,361) 56,532	(16,506,696) (159,211)
Total comprehensive income/(loss) for the period		8,888,720	8,585,318	(3,614,829)	(16,665,907)

Attributable to equity holders of the Group							
In thousands of Kazakhstani Tenge	Note	Share capital	Other reserves	Retained earnings/ (loss)	Total	Non- controlling interest	Total equity
Balance at 1 January 2017		373,314,888	127,639,376	12,481,878	513,436,142	3,159,992	516,596,134
Profit for the period (unaudited)		-	-	8,478,987	8,478,987	190,991	8,669,978
Other comprehensive income (unaudited)		-	(84,660)	-	(84,660)	-	(84,660)
Total comprehensive income/(loss) (unaudited)		-	(84,660)	8,478,987	8,394,327	190,991	8,585,318
Dividends	15	-		(4,704,896)	(4,704,896)	-	(4,704,896)
Balance at 30 June 2017 (unaudited)		373,314,888	127,554,716	16,255,969	517,125,573	3,350,983	520,476,556
Balance at 31 December 2017		373,314,888	127,546,130	(22,057,982)	478,803,036	707,640	479,510,676
The impact of the transition to IFRS 9		-	-	(749,133)	(749,133)	-	(749,133)
Adjusted Balance at 1 January 2018		373,314,888	127,546,130	(22,807,115)	478,053,903	707,640	478,761,543
Profit for the period (unaudited)		-		8,819,727	8,819,727	114,034	8,933,761
Other comprehensive income (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	15	-	-	(2,041,000)	(2,041,000)	-	(2,041,000)
Balance at 30 June 2018 (unaudited)		373,314,888	127,501,089	(16,028,388)	484,787,589	821,674	485,609,263

		Six months ended 30 June 2018	Six months ended 30 June 2017
In thousands of Kazakhstani Tenge	Note	(unaudited)	(unaudited)
Cash flows from operating activities			
Profit before income tax of continued operations		13,462,567	9,434,752
Profit before income tax of discontinued operations		(79,322)	3,110,662
Adjustments for: Depreciation and amortisation		24,131,796	22,238,759
Impairment of property, plant and equipment and intangible		21,101,100	22,200,100
assets		Ξ.	15,650
Impairment of assets of the disposal group classified as held			0.054.047
for sale		60 111	2,054,847
Losses on disposal of property, plant and equipment Provision for impairment of financial assets		62,114 737	65,865 62,476
(Reversal of provision)/provision on obsolete and slow-		757	02,470
moving inventories		(180,890)	78,300
Amortisation of income from connection of additional		, , ,	
capacities		(154,109)	(246,437)
Current service cost and actuarial losses on employee		(45.044)	(04 660)
benefits Finance costs		(45,041) 19,341,304	(84,660) 12,295,309
Finance costs Finance income		(1,173,490)	(7,883,265)
Share in (profit)/loss of joint ventures and associates		(6,635,769)	2,580,020
Other adjustments		-	(427,969)
Operating cash flows before working capital changes:		48,729,897	43,294,309
(Increase)/decrease in trade and other receivables and other		(400.704)	0.504.050
current assets		(133,704) 576,737	2,531,359 (2,120,256)
Decrease/(increase) in inventories Increase/(decrease) in trade and other payables		1,047,679	(1,847,836)
(Decrease)/increase in employee benefits payable		130,632	218,854
Increase in taxes payable and other payables to budget		162,635	362,292
Cash generated from operations		50,513,876	42,438,722
Income tax paid		(1,298,533)	(1,774,627)
Interest paid Dividends received		(14,370,440) 1,680,397	(9,590,825) 4,273,713
Dividends received		1,000,397	4,273,713
Net cash from operating activities of continuing			
operations, including		36,525,300	35,346,983
Net cash (used in)/from operating activities of			2001-00 *0-0- 30 201* 0- 30- 301
discontinuing operations		(82,939)	4,917,613
Cash flows from investing activities		//0.00= 000	(00.001.700)
Purchase of property, plant and equipment		(16,095,900)	(26,294,738)
Acquisition of intangible assets Exploration and evaluation expenses		(925,393) (28,716)	(160,095) (63,220)
Proceeds from sale of Property, Plant and Equipment		163,520	169,214
Interest income received		751,890	1,215,708
Withdrawal of bank deposits, net		1,922,148	2,840,101
Bond redemption		18,316	(007.000)
Withdrawal/(placement) of restricted cash		110,349 (2,938,287)	(227,280)
Other payments		(2,930,201)	
Net cash used in investing activities including		(17,022,073)	(22,520,310)
Net cash from/(used) in investing activities of		(,-=,-,-)	(,,)
discontinued operations		74,036	(5,825,809)

In thousands of Kazakhstani Tenge	Note	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
Cash flows from financing activities: Proceeds from borrowings Repayment of borrowings Dividends paid to non-controlling interest holders Other payments		31,741,962 (72,818,657) (209,646) (146,643)	16,880,827 (24,610,769) (222,480) (321,433)
Net cash used in financing activities of continuing operation, including Net cash used in financing activities of discontinuing operation		(41,432,984)	(8,273,855) 762,885
Foreign exchange difference effect on cash and cash equivalents		(252,293)	(136,574)
Provision for impairment of cash		(3,157)	-
Net (decrease)/increase in cash and cash equivalents of continuing operations Net decrease in cash and cash equivalents of disposal		(22,185,207)	4,416,244
group		(8,903)	(145,311)
Cash at the beginning of the year, including:		32,730,644	18,608,593
Cash and cash equivalents per consolidated statement of financial position Cash and cash equivalents at the beginning of the year of	13	32,719,043	17,350,461
discontinued operations		11,601	1,258,132
Cash and cash equivalents at the end of the period:	13	10,545,437	23,024,837
Cash and cash equivalents at the end of the period per consolidated statement of financial position		10,542,739	21,912,016
Cash and cash equivalents at the end of the period of discontinued operations		2,698	1,112,821

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 2018 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.

As of 30 June 2018, the Company's shareholder is Samruk-Kazyna National Welfare Fund JSC ("Samruk-Kazyna"). The Company's ultimate controlling party is the Government of the Republic of Kazakhstan.

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, lease of property of hydro power stations.

The operations of the Group's subsidiaries and joint ventures, which are dominant entities and natural monopolists of regulated markets in certain areas, are regulated by the Law of the Republic of Kazakhstan on Natural Monopolies and Regulated Markets, the Law on Competition. The tariff is regulated based on type of energy company and regulated by the Committee on Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan ("Committee") or by the relevant ministry - Ministry of Energy of the Republic of Kazakhstan.

Electricity tariffs for energy producing organizations are approved by the order of the Minister of Energy #160 dated 27 February 2015 "On Approval of Cap for Electricity Tariffs for Energy Producing Organizations" for the period from 2016 to 2018. Tariffs for the supply of electricity produced by facilities using 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 are regulated by Committee on Regulation of Natural Monopolies and Competition Protection of Ministry of Economy. Regulation and control are performed in accordance with the legislation.

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, 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 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. The 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 2017, 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 the estimation of income tax and the adoption of new and amended standards, as set out below.

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

New accounting pronouncements

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

2 Basis of Preparation and Significant Accounting Policies (Continued)

IFRS 15 «Revenue from contracts with customers» (with amendments).

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

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

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

IFRS 9 «Financial Instruments»

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

Effective date and transitional provisions

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

Summary of the main changes introduced by the standard

The standard introduces the following categories of financial assets: measured at amortized cost, measured at fair value through profit or loss, and measured at fair value, through other comprehensive income.

The classification is carried out at initial recognition and depends on the business model for the management of financial assets adopted by the Group and on the characteristics of the contractual cash flows from such instruments. IFRS 9 introduces a new model for determining impairment allowances - a model of expected credit losses. Most of the requirements of IAS 39 for the classification and measurement of financial liabilities have been transferred to IFRS 9 unchanged. Key changes include: (i) financial liabilities measured at fair value through profit or loss - recognition of the effects of changes in own credit risk in other comprehensive income and; (ii) for financial liabilities at amortized cost the effect of the renegotiations, which does not result in the derecognition of the liability, is recognized immediately in profit or loss. With respect to hedge accounting, the amendments were aimed at greater consistency with risk management practices. This does not apply to the Group because the Group does not apply hedge accounting.

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

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 are subject to seasonality. Significant amount of maintenance and repair work are expected to be carried out in second half of 2018 that will significantly increase the Group's expenses, downtime of power units and decreased level of electricity production.

Exchange rates

As of 30 June 2018, the official exchange rate used to translate balances in foreign currency was Tenge 341.08 for 1 US dollar (31 December 2017: Tenge 332.33 for 1 US dollar) and Tenge 5.44 for 1 Russian ruble (31 December 2017: Tenge 5.77 for 1 Russian ruble).

3 Changes in accounting policies

This note discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods and explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Company's consolidated condensed interim financial statements.

Financial instruments

(i) Classification of financial assets

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- amortised cost.
- fair value through profit or loss,
- fair value through other comprehensive income.

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

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

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method and presented as "interest income" in statement of profit or loss. The impairment losses are recognised according to the policy stated below and presented in "impairment loss on financial assets".

(iii) Debt instruments - Financial assets measured at fair value through other comprehensive income (FVOCI)

Debt instruments that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "interest income" using the effective interest rate method. The impairment losses are recognised according to the policy stated in the paragraph (v) of this note and presented in "impairment loss on financial assets".

(iv) Debt instruments - Financial assets measured at fair value through profit or loss

Debt instruments that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

A gain or loss on a fair value measurement of debt investment is recognised in profit or loss and presented net in the statement of profit or loss within "fair value gains/losses on financial instruments" in the period in which it arises, except for interest income which is calculated using the effective interest rate method and included in "interest income".

(v) Impairment of financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI)

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI regardless of whether there are any impairment indicators. For short-term trade receivables without a significant financing component the Company applies a simplified approach required by IFRS 9 and measures the loss allowance at expected lifetime credit losses from initial recognition of the receivables. The Company uses a provision matrix in which loss allowances are calculated for trade receivables falling into different ageing or overdue periods. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics, i.e. receivables from individual customers and receivables from corporate customers. The non-recoverability analysis is conducted for the last 2-3 years in order to determine the general default ratio. The default rates are calculated for each 30 days ageing intervals between 30 days and 360 days. In order to determine the default rate for a given ageing interval the Company uses a "migration matrix". The method assumes analysis of each invoice balance and calculates the percentage rate of receivables passing to the next ageing or overdue payment interval. Based on mathematical operations default rates are determined at the date of origination of the receivable and for each successive overdue payment interval.

The Company follows a three-stage model for impairment for balances, excluding trade receivables:

- Stage 1 balances, for which the credit risk has not increased significantly since initial recognition. The expected
 credit losses are determined based on the probability of default within 12 months (i.e. the entire expected credit
 loss multiplied by the probability that the loss will occur within the next 12 months),
- Stage 2 comprises balances for which there has been a significant increase in credit risk since initial recognition
 but which do not have objective evidence of impairment; the expected credit losses are determined based on the
 probability of default over the entire contractual period (lifetime),
- Stage 3 comprises balances with objective evidence of impairment.

Trade receivables are classified either to Stage 2 or Stage 3:

- Stage 2 comprises receivables for which the simplified approach was applied to measure the expected lifetime credit losses, except for certain trade receivables classified in Stage 3,
- Stage 3 comprises trade receivables which are overdue more than 90 days or individually identified as impaired.

The Company considers the following indicators for assessment of significant increase in credit risk of a loan:

- the loan is overdue by at least 30 days;
- there have been legislative, technological, or macroeconomic changes with a significant negative impact on the borrower;
- there is information about significant adverse events in relation to the loan or other loans of the same borrower with other lenders, such as termination of loans, breach of covenants, renegotiations due to financial difficulties etc.;
- the borrower lost a significant customer or a supplier or otherwise experienced significant adverse changes in its market.

Financial assets are written-off, in whole or in part, when the Company practically exhausted all recovery efforts and has concluded that there is no reasonable expectation of recovery. This normally occurs when the asset is over 360 days overdue.

(vi) Modification of financial liabilities

A gain or loss on the modification of the contractual terms of a financial liability that does not result in derecognition of the existing liability is recognised immediately in profit or loss. The gain or loss is calculated as the difference between the present values of modified and original cash flows, both discounted using the original effective interest rate of the liability.

The effect of IFRS 9 on the Company's financial statements - general information

The Company decided to implement the standard as of 1 January 2018 without restating comparatives. This means that the data presented for 2017 and 2018 is not comparable. The adjustments related to the application of IFRS 9 were recognised on 1 January 2018 with the corresponding effects recorded in equity. As at the date of these interim financial statements the Company finalised implementation of IFRS 9 and does not expect any further changes to the impact assessment disclosed below.

Comparison of financial assets and liabilities according to IAS 39 and IFRS 9

	IAS 39	IFRS 9	Effect on retained earnings
In thousands of Kazakhstani tenge	Amortised cost	Amortised cost	ECL
Financial trade receivables Gross carrying amounts Loss allowance	25,724,020 (340,500)	25,724,020 (782,629)	(442,129)
Long-term receivables Gross carrying amounts Loss allowance	11,660,781	11,660,781	-
Cash and cash equivalents Gross carrying amounts Loss allowance	32,719,043	32,719,043 (72,822)	(72,822)
Restricted cash Gross carrying amounts Loss allowance	7,641,150 (328,427)	7,641,150 (328,898)	- (471)
Dividends receivable Gross carrying amounts Loss allowance	1,281,082	1,281,082 (770)	- (770)
Bonds Gross carrying amounts Loss allowance	3,274,405 (1,278,151)	3,274,405 (1,315,090)	(36,939)
Term deposits Gross carrying amounts Loss allowance	5,066,348	5,066,348 (79,203)	(79,203)
Total	85,419,751	84,787,417	(632,334)
Borrowings	(358,487,044)	(358,603,843)	(116,799)
Total	(358,487,044)	(358,603,843)	(116,799)
Total effect on retained earnings			(749,133)

Detailed description of adjustments and additional information

(a) Measurement of the provision implementing the models of expected credit losses and related adjustments

The previous accounting policies and information on credit risk are presented in Notes 2 and 32 of the financial statements for the year ended 31 December 2017. The previous methodology for determination of loss allowances required the Group to assess whether there were objective indications of impairment and (if there were) to estimate the loss allowance based on expected cash flows. On adoption of IFRS 9, new policies were applied and loss allowance was calculated using the expected loss model. The Group also estimated loss allowances for cash balances held at banks based on the probability of default over their contractual terms which are less than 3 months. The probabilities of default were established based on external credit ratings of the relevant banks and publicly available default data from rating agencies.

(b) The effect of the adjustments on deferred tax

Deferred tax on the adjustments discussed above was recognised in retained earnings and other comprehensive income as appropriate.

Financial assets - classification and measurement

The Group holds the following financial assets for which there have been changes in accordance with IFRS 9:

In thousands of Kazakhstani Tenge	IFRS 9 30 June 2018	IFRS 9 1 January 2018	IAS 39 31 December 2017
Financial trade receivables	25,492,856	24,941,391	25,383,520
Long-term receivables	11,491,354	11,660,781	11,660,781
Cash and cash equivalents	10,542,739	32,646,221	32,719,043
Restricted cash	7,202,196	7,312,252	7,312,723
Term deposits	3,120,385	4,987,145	5,066,348
Bonds	1,906,164	1,959,315	1,996,254
Dividends receivables	373	1,280,312	1,281,082
Total	59,756,067	84,787,417	85,419,751

The financial assets are classified in each of the measurement categories according to the accounting policy stated in above.

Financial liabilities - classification and measurement

The Group holds the following financial liabilities for which there have been changes in accordance with IFRS 9:

In thousands of Kazakhstani Tenge	IFRS 9 30 June 2018	IFRS 9 1 January 2018	IAS 39 31 December 2017
Borrowings	321,228,693	358,603,843	358,487,044
Total	321,228,693	358,603,843	358,487,044

Expenses arising from financial instruments

The Group's financial instruments resulted in the following income, expenses and gains and losses recognised in the profit or loss and in other comprehensive income:

In thousands of Kazakhstani Tenge	IFRS 9 30 June 2018	IAS 39 30 June 2017
Net impairment loss on financial receivables	(525,786)	(76,036)
Total	(525,786)	(76,036)

Stages of impairment

The Group applies a three-stage model for impairment of financial assets measured at amortised cost as at 30 June 2018 and 1 January 2018 as explained in the accounting policy in Note 2. The previous accounting policies and information on credit risk are presented in Notes 2 and 32 of the financial statements for the year ended 31 December 2017.

The classification of financial assets measured at amortised cost to individual stages of impairment models is presented below:

	IFRS 9				IFRS 9			
		30 June	2018			1 January	2018	
In thousands of Kazakhstani tenge	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount								
Financial trade receivables Cash and cash	-	26,103,766	697,505	26,801,271	-	25,116,136	607,884	25,724,020
equivalents	10,545,896			10,545,896	31,563,917	1,155,126	-	32,719,043
Restricted cash Dividends	7,530,802	-	-	7,530,802	7,641,150	-	-	7,641,150
receivable	374	-	-	374	1,281,082	-		1,281,082
Bonds	3,200,895	#		3,200,895	3,274,405		-	3,274,405
Term deposits Long-term	3,136,544	*	-	3,136,544	5,066,348	-	-	5,066,348
receivables	11,491,354	*	3	11,491,354	11,660,781	158	*	11,660,781
Total financial								
assets	35,905,865	26,103,766	697,505	62,707,136	60,487,683	26,271,262	607,884	87,366,829
Loss allowances (IFRS 9)								
Trade receivables Cash and cash		(700,780)	(607,635)	(1,308,415)	-	(564,642)	(217,987)	(782,629)
equivalents	(3,157)	*		(3,157)	(72,649)	(173)	-	(72,822)
Restricted cash Dividends	(328,606)	-	-	(328,606)	(328,898)	-	*	(328,898)
receivable	-	-	-			(770)	-	(770)
Bonds	(1,294,731)	-	-	(1,294,731)	(1,315,090)	-	-	(1,315,090)
Term deposits	(16,160)			(16,160)	(79,203)	-		(79,203)
Total loss allowances	(1,642,654)	(700,780)	(607,635)	(2,951,069)	(1,795,840)	(565,585)	(217,987)	(2,579,412)
Carrying amount (IFRS 9)	34,263,211	25,402,986	89,870	59,756,067	58,691,843	25,705,677	389,897	84,787,417

Movements in impairment provision for financial assets measured at amortised cost

The loss allowance for trade receivables and loans as at 30 June 2018 and 2017 reconciles to the opening loss allowance as follows:

In thousands of Kazakhstani tenge	30 June 2018 Financial receivables	30 June 2017 Financial receivables
As at 1 January - calculated under IAS 39	(340,500)	(217,216)
Effect recognized through retained earnings at the beginning of the	(0.0,000)	(=,=)
period, upon initial adoption of IFRS	(442,129)	-
Opening loss allowance as at 1 January 2018 - calculated under	, , , , ,	
IFRS 9	(782,629)	(217,216)
Loss allowance recognised in profit or loss	(632,060)	(92,836)
Recovery of impairment provision	106,274	16,800
Loss allowance recognised in profit or loss under IFRS 9 for 2018 and IAS 39 for 2017	(1,308,415)	(293,252)

Calculation of impairment losses for trade receivables

The Group applies a provision matrix to calculate expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group concluded that there are two homogeneous groups: (i) receivables from individual customers and (ii) receivables from corporate customers. Default rates were established on the basis of historical data from the years 2014–2017.

The collectability of receivables is estimated based on historical data as the balance comprises a group of dispersed items which are grouped based on the similarity of credit risk and past customer behaviour.

The default rates and the calculation of the loss allowance as at 1 January 2018 is presented in the tables below.

In House In T		Receivables from individual customers							
In thousands of Kazakhstani tenge	Total	Current	1-30 days	31-60 days	61-90 days	>90 days			
Receivables as at									
1 January 2018	4,223,115	3,828,778	153,908	58,326	20,628	161,475			
Default rate	4.28%	0.61%	4.10%	10.31%	22.27%	86.95%			
Expected credit losses	(180,756)	(23,438)	(6,311)	(6,013)	(4,593)	(140,401)			
Total	4,042,359	3,805,340	147,597	52,313	16,035	21,074			
	Receivables from corporate customers								

		Receivables from corporate customers							
In thousands of Kazakhstani tenge	Total	Current	1-30 days	31-60 days	61-90 days	>90 days			
Receivables as at									
1 January 2018	21,500,905	18,727,978	2,360,407	83,948	44,526	284.046			
Default rate	2.80%	2.60%	0.91%	9.85%	19.62%	26.68%			
Expected credit losses	(601,873)	(487,509)	(21,590)	(8,267)	(8,734)	(75,773)			
Total	20,899,032	18,240,469	2,338,817	75,681	35,792	208,273			

The default rates and the calculation of the loss allowance as at 30 June 2018 is presented in the table below:

		Receivables from individual customers						
In thousands of Kazakhstani tenge	Total	Current	1-30 days	31-60 days	61-90 days	>90 days		
Receivables as at								
30 June 2018	3,916,332	3,321,075	202,860	109,812	66,833	215.752		
Default rate	5.95%	0.74%	4.56%	11.12%	23.21%	79.50%		
Expected credit losses	(233,145)	(24,629)	(9,258)	(12,214)	(15,515)	(171,529)		
Total	3,683,187	3,296,446	193,602	97,598	51,318	44,223		

	Receivables from corporate customers							
In thousands of Kazakhstani tenge	Total	Current	1-30 days	31-60 days	61-90 days	>90 days		
Receivables as at								
30 June 2018	22,884,939	14,759,683	3,177,926	1,780,465	2,918,228	248,637		
Default rate	4.70%	4.24%	1.18%	3.90%	6.87%	57.22%		
Expected credit losses	(1,075,270)	(625,657)	(37,531)	(69,453)	(200,353)	(142,276)		
Total	21,809,669	14,134,026	3,140,395	1,711,012	2,717,875	106,361		

Calculation of impairment losses for bonds

The loss allowance for the bonds measured at amortised cost is determined using the expected credit losses in accordance with the three-stage model. The Group did not recognize any provision for bond losses under IAS 39, as they were repaid without delays. For the purpose of implementing IFRS 9 an individual analysis of each bond was performed to allocate it to one of the three stages. The probability of default (12-month or lifetime – depending on its classification to stage 1 or 2) was then determined based on the individual rating of the lender and market data. The expected credit loss was then calculated based on the probability of default, the repayment profile in the loan agreement and the assessment of recoveries from collateral. The loss allowance of Tenge 36,939 thousand decreased retained loss as at 1 January 2018.

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.

The 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 2017, 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 2018 total Group's total current liabilities exceeded its total current assets for the amount of Tenge 12,716,484 thousand (except for net assets of disposal group). Reduction of current assets is associated with early repayment of long-term loans for a total of Tenge 28.3 billion to reduce the debt burden.

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 thousands represent payable to the city of Almaty Akimat and by amicable agreement, do not require a cash outflow.
- In the second half of 2018, the Group expects positive cash flows from operating activities, net of outflows of capital expenditures, in the amount of Tenge 16,215,367 thousand.
- As at 30 June 2018, the Group has available funds under revolving credit lines for a total of Tenge 27,311,441 thousand.
- The Group expects to receive funds from the sale of assets of disposal group before the end of 2018.

These condensed consolidated interim financial statements do not include any adjustments to the carrying amounts of assets and liabilities, the reported income and expenses, and classification in the condensed consolidated interim 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.

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

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 at 31 December 2017 the Group conducted the analysis of impairment indicators of non-financial assets of JSC Alatau Zharyk Company (AZhK), JSC Almaty Power Stations (ALES) and the impairment test of non-financial assets of LLP Ekibastuz GRES-1 named after Bulat Nurzhanov (EGRES-1) and JSC Ekibastuz GRES-2 (GRES-2). These enterprises are the most sensitive to economic changes and are the significant enterprises of the Group.

Based on the results of the analysis for the end of the reporting period, management did not identify any indicators of impairment of non-financial assets of GRES-1, GRES-2, AZhK and ALES. 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;
- · Increase in sales volumes of electricity and heat energy by the results of the period compared to last year's period;
- Increase in tariffs for electricity and heat energy by the results of the period compared to last year's period;
- Positive dynamics in the production and consumption of electricity;
- In the medium term, Kazakhstan expects an increase in electricity sales volumes, the main drivers of which will be
 the increase in exports to Russia, the return of the old and the development of a new client base through the
 expansion of the capabilities of intercompany cooperation, the introduction of a capacity market together with the
 introduction of KEGOC 3rd line "North South", and the introduction of new productions in the Republic of
 Kazakhstan. Therefore, the production/transmission of electricity produced by EGRES-1 and EGRES-2 will
 probably grow;
- Expected growth in the medium-term outlook for electricity production deficit in the southern zone of the Republic of Kazakhstan, where AZhK and ALES conduct operational activities;
- At the end of the period, the companies exceeded their plans for operational and financial performance indicators;
- A horizontal analysis of the actual performance indicators for 2017 and six months of 2018 revealed the growth of the majority of income items, as well as profit and profitability indicators.

Recognition of revenue from electricity sales

The Group recognises revenue when the electricity is supplied according to the meter readings of the electricity consumers. The meter readings are provided by the customers on a monthly basis and checked by the Group for correctness on a sample basis. Since the procedures for invoicing of the consumed electricity have a cycle nature, the Group sold the significant volume of electricity at the end of the reporting period, for which invoices have not been issued to the customers. The Group recognises revenue for electricity sold from the moment of the last meter reading taking to the end of the reporting period on the basis of estimate. According to the Group's approach, the daily amount of purchased electricity consumed but not invoiced is determined as at the end of the reporting month which is then multiplied by the selling price.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

If the estimated useful lives were different by 10% from management's estimates, the depreciation for the period ended 30 June 2018 would have been higher/lower by Tenge 2,381,511 thousand (30 June 2017: higher/lower by Tenge 2,190,995 thousand).

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

Settlement agreement with Akimat

In 2009, JSC Alatau Zharyk Company (AZhK) 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 2018 equalled Tenge 5,841,514 thousand (31 December 2017: Tenge 5,841,514 thousand).

As of 30 June 2018, 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 project "Construction of the Balkhash Thermal Power Plant" (hereinafter, the Project) is implemented in the framework of the intergovernmental agreement signed between the Government of the Republic of Kazakhstan and the Government of the Republic of Korea. The agreement, signed in 2011, includes economic cooperation in the field of financing, design, construction, operation and maintenance of the 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 share and 50% - 1 share, respectively, as of 31 December 2017. The entity established in 2008 as a joint stock company. In June 2012, BTPP and Samsung Engineering Co Ltd. signed a contract to design, supply and construct Balkhash thermal power plant with power capacity of 1320 MW ("EPC contract"). Samsung Engineering Co. Ltd and Samsung C&T ("Consortium") are parties of the joint venture for the EPC.

Profitability of the project is ensured through the long-term contract dated 19 June 2014 for the purchase of services for the maintenance of available capacity of newly commissioned power generating units (hereinafter Capacity Purchase Agreement, or CPA). The contract was signed by two parties: BTPP and JSC KEGOC (national grid and the national operator of the unified power system of the Republic of Kazakhstan); the tariffs in the contract are expressed in US dollars.

On 14 February 2012, the Company and Samsung C&T signed the "Option Agreement regarding the shares of JSC BTPP. In accordance with this agreement, Samsung C&T has the option to sell shares of BTPP, which means that Samsung C&T has the right to exercise the option if the relevant conditions of the option agreement relating to the ratification of the Intergovernmental Agreement, the adoption of laws that give the opportunity to enter into the capacity purchase agreement, and the timely conclusion of the capacity purchase agreement with the conditions sufficient to attract project financing are not fulfilled. In accordance with the requirements of the Option Agreement, the option price is equal to the aggregate amount paid by Samsung C&T to acquire option shares, the aggregate of any capital amounts invested and amount equal to the amount of any loans advances by Samsung C&T, net of any dividends and other payments received by Samsung C&T for its shares.

Until August 2016, the Company and Samsung C&T have repeatedly extended an option to sell the shares.

In order to organize debt financing for the Project potential lenders require protecting the rights and interests of investors in accordance with the international practice of project financing. In the absence of a coherent version of the Project support package, on 31 August 2016, Samsung C&T notified Company its intention to exercise the option to sell the shares in accordance with the Option Agreement. Due to the lack of financing for BTTP, on 31 August 2016 Consortium also notified BTPP about the termination of the EPC contract.

After receiving notification from Samsung C&T, Company and the Government of Republic of Kazakhstan has adopted a number of measures on regulation of this issue from October 2016 until now.

In particular, the Government of Republic of Kazakhstan and the state authorities of Republic of Kazakhstan held a number of meetings to discuss further implementation of the Project with the participation of Samsung C&T. The parties agreed that a Letter of Support from the Government with conditions satisfactory for project financing will be arranged in due course.

On 28 February 2017, as a result of negotiations to continue the project Consortium withdrew their notice of termination of the EPC contract.

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

However, since the Letter of Support from the Kazakhstan side was not arranged within the expected timeframe, on 29 April 2017, Samsung Engineering Co. Ltd notified the BTPP that the withdrawal of EPC contract termination notice dated 28 February 2017 is no longer effective.

Currently, all constructions works are suspended. On 29 September 2017, the Consortium sent to BTPP the final claim in connection with the termination of the EPC contract. The final claim amounted to USD 108,860 thousand. Further, in its letter dated 30 November 2017, the Consortium notified BTPP that, due to not receiving respond within the agreed timeframe from BTPP, confirming the intention to accept the manufactured equipment, the Consortium instructed Dongfang Electric Corporation Limited and Siemens AG ("Subcontractors") to dispose the equipment at the manufacturer's factory in order to avoid additional costs.

The Group concluded that the above events indicate the impairment of the Group's investment in BTPP in accordance with IAS 36 "Impairment of Assets". Respectively, as at 31 December 2017, the Group recognised impairment loss of investments in BTPP in the amount of Tenge 27,570,522 thousand.

The Government of the Republic of Kazakhstan is conducting negotiations on resolution of issues related to the Samsung C&T's exit from the Project, including the Samsung's claim in respect of their Option to sell their shares. There is currently no negotiation between the Group and Samsung C&T regarding the Option to sale shares. Currently, the Government of the Republic of Kazakhstan and Samsung C&T are in the final phase of the negotiation process. Considering the government's position and status of negotiation the Group believes that the likelihood of a material outflow of economic resources from the Group with respect to the Put Option is not probable. Accordingly, in the condensed consolidated financial statements as at and for the six months ended 30 June 2018, the Group did not create any provision in respect of the option exercised by Samsung C&T.

The Group notes, however, that an uncertainty exists with respect to a successful agreement being reached from the negotiations and resolution referred to above. In case the parties will do not reach an agreement, there remains a possible risk that Samsung C&T will decide to proceed the dispute through judicial instances against the Company, which if this did arise the Company would vigorously defend. Management of the Group believes that Samsung C&T did not have the right to exercise the option and that good defences exist to the claim, including the counterparty's failure to prove that, the claim complies with the contractual terms.

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 in profit/(loss) of associates and joint ventures 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.

The entities whose operations were reclassified as the discontinued operations continued to participate in the Group's operations as of 30 June 2018, the operating results of which are regularly reviewed by CODM. The results of discontinued operations are included in the segment information.

Samruk-Energy JSC Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2018 (unaudited)

5 Segment Information (Continued)

	Production of heating	ction of electricity and heating energy	Production of electricity and Electricity transmission and heating energy	ty transmission and distribution		Sale of electricity	Oth	Others	Tot	Total *
to spacement ut	6 months ended	s ended	6 month	6 months ended	6 months ended	s ended	6 months ended	s ended	6 months ended	s ended
Kazakhstani Tenge	30 June 2018	30 June 2018 30 June 2017 30 June	30 June 2018	2017	30 June 2018 30 June 2017 30 June 2018 30 June 2017 30 June 2018 30 June 2017	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
External revenues	80,232,660	59,399,123	2,931,686	9,070,836	47,217,138	62,692,537	1,687,195	1,612,697	132,068,679	132,775,193
	406 964 604	97 03E 0E3	20 F64 F36	26 420 258	47 247 Q84	62 692 802	2 084 681	1 612 697	175 728 892	177 769 810
oral leveline	103,004,034	00,000,10	20,001,000	20,429,200	100,112,11	20,000,00	2,00,100	1,012,00		
Profit/(loss) before income tax	14,060,710	9,205,647	4,936,474	7,418,151	(428,331)	685,768	(5,071,538)	(4,764,152)	13,497,315	12,545,414
Capital expenditure	9,172,063	9,646,930	6,843,243	16,583,323	29,408	20,020	46,297	44,465	16,091,011	26,294,738
In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017	nber 2017 30 June 2018	31 December 2017	30 June 2018	31 December 2017	nber 2017 30 June 2018	31 December 2017	30 June 2018	31 December 2017
Reportable segment assets Reportable segment liabilities	737,612,402 270,673,750	758,005,838 290,604,205	128,808,086 47,697,314	121,424,000 43,782,907	10,115,778 10,127,572	9,600,040 9,109,547	26,180,210 178,883,971	128,153,087 188,756,046	128,153,087 1,002,716,476 1,017,182,965 188,756,046 507,382,607 532,252,705	1,017,182,965

^{*}includes discontinued operations

5 Segment Information (Continued)

(c) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

In thousands of Kazakhstani Tenge	6 months ended 30 June 2018	6 months ended 30 June 2017
Total revenues for reportable segments Revenues from other operations	173,644,211 2,084,681	176,157,113 1,612,697
Total revenue	175,728,892	177,769,810
Inter-segment revenue Discontinued operations	(43,660,213)	(44,994,617) (26,542,207)
Total consolidated revenue for the period	132,068,679	106,232,986

A reconciliation of total adjusted EBITDA to total profit before income tax is provided as follows:

to the second of	6 months ended 30 June 2018	6 months ended 30 June 2017
In thousands of Kazakhstani Tenge	30 Julie 2010	30 Julie 2017
Adjusted EBITDA	49,155,740	43,518,527
Depreciation and amortisation	(24,068,455)	(21,909,947)
Finance income	1,173,490	7,882,932
Finance costs	(19,341,304)	(12,295,642)
Share in profit/(loss) of associates	6,635,769	(2,580,020)
Impairment of goodwill and assets	(13,351)	(2,070,436)
Profit before income tax for the period	13,541,889	12,545,414
Loss before income tax for the period from discontinued operations	(79,322)	(3,110,662)
Total profit before income tax for the period from continuing operation	13,462,567	9,434,752
In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017
Total reportable segment assets	876,536,266	889,029,878
Assets from other operations	126,180,210	128,153,087
Total assets	1,002,716,476	1,017,182,965
Elimination of balances between segments	(68,957,449)	(60,904,749)
Total consolidated assets	933,759,027	956,278,216

5 Segment Information (Continued)

In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017
Total reportable segment liabilities Liabilities from other operations	328,498,636 178,883,971	343,496,659 189,104,055
Total liabilities	507,382,607	532,600,714
Elimination of balances between segments	(59,232,843)	(55,833,174)
Total consolidated liabilities	448,149,764	476,767,540

^{* -} includes assets and liabilities of discontinued operations

(d) Analysis of revenues by products and services

The Group's revenues are disclosed by products and services in Note 17 (revenue from core activities). Majority of sales of the Group are within Kazakhstan.

(e) Major customers

During the six months ended 30 June 2018 the Group's sales of the total revenue represented more than 10% and amounted to Tenge 17,146,226 thousand for the INTER RAO UES client. 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.

At 30 June 2018, the outstanding balances with related parties were as follows (including outstanding balances of discontinued operations):

In thousands of Kazakhstani Tenge	Companies under common control	JVs and associates of Samruk- Energy	JVs and associates of Samruk- Kazyna	Shareholders	Government related entities
Trade and other receivables	2.377.590	69.025	1,231	_	5,583,433
Cash and cash equivalents	3,813	-	-,==-	_	93,000
Other current assets	89,166	374	-	_	-
Assets intended for the benefit					
of the Shareholder	-	-	-	1,342,094	-
Borrowings	-	-	5,076	59,812,269	19,565,977
Finance lease liability	-	-	_	517,779	-
Other distributions to the					
shareholder	-	-	-	1,174,066	-
Trade and other payables	2,051,678	2,304,156	-	2,044,242	6,227,526

6 Balances and Transactions with Related Parties (Continued)

At 31 December 2017, the outstanding balances with related parties were as follows (including outstanding balances of discontinued operations):

In thousands of Kazakhstani Tenge	Companies under common control	JVs and associates of Samruk- Energy	JVs and associates of Samruk- Kazyna	Shareholders	Government related entities
Trade and other receivables	1 242 074	252.264	2.225		0.000.004
	1,243,074	352,364	3,335	-	6,993,904
Cash and cash equivalents	2,979	π.	-	-	_
Other current assets	51,985	1.281.082	-	_	_
Assets intended for the benefit	and the first state of the stat				
of the Shareholder	-	-	_	1,387,077	_
Borrowings	_	-	5.264	59,959,841	20.000.413
Other distributions to the			0,201	00,000,041	20,000,410
shareholder	-	-	_	1,174,066	_
Trade and other payables	3,316,445	1,913,663	_	_	497,310
Other Trade payables	10,266	7.809	1.587	55.022	84,273
Caron made payables	10,200	1,000	1,007	33,022	04,213

The income and expense items with related parties for six months ended 30 June 2018 were as follows (including transactions of discontinued operations):

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

The income and expense items with related parties for six months ended 30 June 2017 were as follows (including transactions of discontinued operations)::

In thousands of Kazakhstani Tenge	Companies under common control	JVs and associates of Samruk- Energy	JVs and associates of Samruk- Kazyna	Shareholders	Government related entities
December	10 001 000	4 004 540			
Revenue	13,894,836	1,291,513	1,413,159	-	11,560,891
Cost of sales	18,559,533	10,536,136	152,561	=	1,666,576
General and administrative					
expenses	177,305	-	-	-	-
Selling expense	7,217,382	-	=		-
Other expenses	239,846	-	-	47,761	_
Other income	237,307	29,362	23,352		_
Finance costs	-	-	-	2,532,993	698,123
Finance income	-	-	-	6,479	_
Gain on foreign exchange	-	16,094	-	_	399,444

6 Balances and Transactions with Related Parties (Continued)

Key management personnel compensation is presented below:

In thousands of Kazakhstani Tenge	Six months ended 30 June 2018	Six months ended 30 June 2017
Key management personnel	59,234	243,578
Total key management personnel compensation	59,234	243,578

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel as at 30 June 2018 include 4 persons (30 June 2017: 10 persons).

7 Property, Plant and Equipment

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

	Duildings and	Machinery and		Construction	
In thousands of Kazakhstani Tenge	Buildings and constructions	equipment	Other	in progress	Total
Cost at 1 January 2018 Accumulated depreciation and	232,596,485	601,987,987	13,553,867	121,628,104	969,766,443
impairment	(48,090,846)	(133,166,147)	(5,129,319)	(2,815,126)	(189,201,438)
Carrying amount at 1 January 2018	184,505,639	468,821,840	8,424,548	118,812,978	780,565,005
Additions Transfers	166,459 1,005,477	349,667 8,200,999	117,685 101,265	16,700,690 (9,307,741)	17,334,501
Depreciation Disposal Transfer to assets held for sale	(5,104,665) (916)	(18,275,917) (55,115) -	(434,527) (2,465) (2,889)	(362,083)	(23,815,109) (420,579) (2,889)
Carrying amount at 30 June 2018	180,571,994	459,041,474	8,203,617	125,843,844	773,660,929
Cost at 30 June 2018 Accumulated depreciation and	233,783,588	610,408,908	13,635,140	128,561,919	986,389,555
impairment	(53,211,594)	(151,367,434)	(5,431,523)	(2,718,075)	(212,728,626)
Carrying amount at 30 June 2018	180,571,994	459,041,474	8,203,617	125,843,844	773,660,929

Additions include capitalised borrowing costs in the amount of Tenge 1,546,475 thousand.

As at 30 June 2018 the property, plant and equipment with carrying value of Tenge 5,399,874 thousand (31 December 2017: Tenge 5,433,561 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:

In thousands of Kazakhstani Tenge	6 months ended 30 June 2018	6 months ended 30 June 2017
Cost of sales General and administrative expenses Other expenses	23,502,139 306,439 6,531	21,485,274 416,791 7,883
Total depreciation charges	23,815,109	21,909,948

8 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:

	Joint ve	Joint venture		Associates	
		Forum			
In thousands of Kazakhstani Tenge	EGRES-2	Muider B.V.	ВТРР	Total	
Balance at 1 January 2017	31,810,630	26,524,888	27,570,522	85,906,040	
Share in profit/(loss) for the year Dividends received	(6,664,577)	5,079,141 (2,550,313)	(994,584)	(2,580,020) (2,550,313)	
Balance at 30 June 2017	25,146,053	29,053,716	26,575,938	80,775,707	
Balance at 1 January 2018	22,264,624	30,623,596	-	52,888,220	
Share in profit/(loss) for the year Dividends received	(97,030)	6,732,799 (399,721)	-	6,635,769 (399,721)	
Balance at 30 June 2018	22,167,594	36,956,674	-	59,124,268	

As of 30 June 2018, the Group has interests in the following jointly controlled entities:

- EGRES-2 50%. The remaining 50% interest is owned by Inter-RAO UES 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 Republic of Kazakhstan and established by the Group in 2008 for the construction of the Balkhash thermal power plant. Entity's shareholders are Samsung C&T and Samruk-Energy JSC, share participation of 50% + 1 shares and 50% - 1 share, respectively, as of 30 June 2018 (Note 4).

9 Other Non-Current Assets

In thousands of Kazakhstani Tenge	30 June 2018 31	1 December 2017
Long-term receivables	12,163,565	11,859,062
Bonds	3,177,131	3,250,673
Long-term deposits	60,000	60,500
Restricted cash	-	880,539
Less: impairment provision	(1,966,942)	(1,476,432)
Total financial other non-current assets	13,433,754	14,574,342
Prepayments for non-current assets	3,718,075	2,281,225
Non-current VAT recoverable	1.013.112	1,013,112
Other	118,581	122,575
Total other non-current assets	18,283,522	17,991,254

9 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:

Total prepayments for non-current assets	3,718,075	2,281,225
Other	_	64,355
Modernisation of Shardara HPP	781,143	874,625
region	2,936,932	1,342,245
Construction and reconstruction of substations in Almaty and Almaty		
III thousands of Razakristanii Tenge	30 Julie 2016	31 December 2017
In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017

10 Inventories

In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017
Auxiliary production materials	4,861,442	4,751,852
Fuel	3,007,580	4,282,461
Spare parts	1,149,891	699,766
Raw materials	23,761	23,695
Other materials	543,909	315,334
Less: provision for write down to net realisable value and		
provision for slow-moving and obsolete inventories	(844,317)	(1,026,184)
Total inventories	8,742,266	9,046,924

11 Trade and Other Receivables

In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017
Trade receivables Less: impairment provision	21,695,458 (672,211)	23,997,452 (198,281)
Total financial trade receivables	21,023,247	23,799,171
Other receivables Less: impairment provision	4,217,194 (3,632,124)	4,016,576 (3,858,920)
Total trade and other receivables	21,608,317	23,956,827

The Group's financial trade and other receivables are denominated in thousand Tenge as at 30 June 2018 and 31 December 2017. Their carrying values approximate their fair values due to the short-term nature. As of 30 June 2018 the receivable from Maikuben-West LLP was fully impaired for the amount of Tenge 3,477,982 thousand (2017: Tenge 3,477,982 thousand).

12 Other Current Assets

In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017
Restricted cash	7,530,802	6,760,611
Other receivables	4,469,609	1,726,568
Term deposits	3,060,385	5,005,848
Dividends receivable	374	1,281,082
Other	23,763	23,732
Less: impairment provision	(328,606)	(328,427)
Total financial other current assets	14,756,327	14,469,414
Advances to suppliers	2,769,855	595,911
Assets intended for the benefit of the Shareholder	1,342,094	1,388,077
VAT recoverable and prepaid taxes	747,343	1,073,542
Other	1,415,470	1,392,286
Less: impairment provision	(611,911)	(388,211)
Total other current assets	20,419,178	18,531,019

Term deposits for the amount of Tenge 625,168 thousand and Tenge 2,435,217 thousand are denominated in US dollars and Tenge, respectively (31 December 2017: Tenge 1,728,116 thousand and Tenge 3,277,732 thousand are denominated in US dollars and Tenge, respectively).

As of 30 June 2018 other receivables for the amount of Tenge 4,469,609 thousand include short-term debt of customers of subsidiaries that were sold during 2017 for Tenge 1,726,568 thousand, as well as accounts receivable of Tauba Invest LLP for Tenge 2,743,041 thousand, including impairment of Tenge 636,204 thousand (2017: Tenge 1,726,568 thousand, including impairment of Tenge 142,219 thousand).

13 Cash and cash equivalents

In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017
Cash at current bank accounts	6,567,040	9,040,676
Deposits on demand	3,956,165	23,665,974
Cash on hand	22,691	12,393
Less: impairment provision	(3,157)	=
Total cash and cash equivalents	10,542,739	32,719,043

Term deposits and current deposits have contractual maturity terms less than three months or are available on demand.

Cash and cash equivalents balances are denominated in the following currencies:

Total cash and cash equivalents	10,542,739	32,719,043
Other currencies	73,699	1,293,731
US Dollar	1,498,678	8,148,596
Kazakhstani Tenge	8,970,362	23,276,716
In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017

14 Non-current Assets Held for Sale and Disposal Groups

On 23 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 2018 all assets and liabilities of Tegis Munai LLP ("TM"), and its subsidiary Mangyshlak Munai LLP ("MM") have been included in assets held for sale.

14 Non-current Assets Held for Sale and Disposal Groups (Continued)

Since the operations of TM represented separate major types of the 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:

In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017
Property, plant and equipment	84,472	96,529
Exploration assets	14,119,566	14,086,775
Other non-current assets	621,275	619,332
Inventory	3,777	3,440
Other current assets	4,583	2,248
Cash and cash equivalents	2,698	11,601
Total assets of disposal groups, classified as held for sale	14,836,371	14,816,829
Other liabilities	72,412	16,047
Trade payables	5,487	56,859
Total liabilities directly associated with assets of disposal groups classified as held for sale and liabilities directly related to disposal groups	77,899	72,906

TM incurred expenses of Tenge 79,322 thousand for the period ended 30 June 2018.

The analysis of the results of discontinued operations for the year ended 30 June 2017 is presented below:

In thousands of Kazakhstani tenge	ATPS	MEDC	VKREC	SHET	ТМ	ММ	Eliminations	Total
Revenue Expenses	4,617,602 (4,218,230)	5,633,781 (4,863,717)	6,556,628 (4,379,131)	14,895,472 (15,112,727)	(63,303)	(12,300)	(5,161,276) 5,217,863	26,542,207 (23,431,545)
Profit/(loss) before tax of discontinued operations	399,372	770,064	2,177,497	(217,255)	(63,303)	(12,300)	56,587	3,110,662
Income tax expense	(74,174)	(385,750)	(353,902)	24,114	(23)	-		(789,735)
Profit/(loss) of discontinued operations	325,198	384,314	1,823,595	(193,141)	(63,326)	(12,300)	56,587	2,320,927

All subsidiaries except TM were sold in the second half of 2017.

15 Equity

Share Capital

	Number of authorised and issued shares	Share Capital, (thousands of Tenge)
Balance at 1 January 2017	5,601,687	373,314,888
Balance at 31 December 2017	5,601,687	373,314,888
Balance at 30 June 2018	5,601,687	373,314,888

At 30 June 2018, 5,601,657 issued common shares were fully paid (31 December 2017: 5,601,687 shares fully paid). Each ordinary share carries one vote. The Company does not have any preference shares.

On 15 June 2018, the Group declared dividends to its only shareholder for amount of Tenge 2,041,000 thousand (2017: Tenge 4,704,895 thousand). As of 30 June 2018, dividends are not paid.

KASE listing requirements include disclosure of the book value of one share. As of 30 June 2018, this indicator, calculated by the management of the Company on the basis of the financial statements, amounted to 85,810 tenge (31 December 2017: 84,923 tenge).

Other reserves

In thousands of Kazakhstani Tenge	Merger reserve	Result of transactions with shareholder	Other comprehensive income/(loss)	Total
Balance at 1 January 2018	37,282,287	90,607,549	(343,706)	127,546,130
Other comprehensive loss	-	_	(45,041)	(45,041)
Balance at 30 June 2018	37,282,287	90,607,549	(388,747)	127,501,089

16 Borrowings

Total borrowings	321,228,693	358,487,044
Total current borrowings	39,065,894	45,912,886
Notes payable	450,358	450,358
Loans from customers	453,706	652,532
Bonds issued	924,444	924,444
Loans from Samruk-Kazyna	2,600,608	2,608,862
Bank term loans	34,636,778	41,276,690
Current portion		
Total non-current borrowings	282,162,799	312,574,158
Loans from customers	1,544,067	1,574,844
Bonds issued	19,930,251	19,921,800
Loans from Samruk-Kazyna	57,211,661	57,350,980
Bank term loans	203,476,820	233,726,534
Non-current portion		
In thousands of Kazakhstani Tenge	30 June 2018	31 December 2017

16 Borrowings (Continued)

The carrying value of loans in the context of the Group companies is as follows::

Samruk-Energy Samruk-Kazyna 12.8% per annum 5 European Bank for Reconstruction and Development 3 Halyk Bank JSC 2 Bonds 2 Sberbank 13.8% per annum Kazkommertsbank 12.7% per annum	9,812,269 3,361,403 5,684,206 0,854,691 1,773,384 - 1,485,953	31 December 2017 59,959,842 39,022,497 24,767,435 20,846,244 10,180,000
Samruk-Kazyna 12.8% per annum 55 European Bank for Reconstruction and Development 33 Halyk Bank JSC 22 Bonds 22 Sberbank 13.8% per annum Kazkommertsbank 12.7% per annum	3,361,403 5,684,206 0,854,691 1,773,384	39,022,497 24,767,435 20,846,244 - 10,180,000
European Bank for Reconstruction and Development 3 Halyk Bank JSC 2 Bonds 2 Sberbank 13.8% per annum Kazkommertsbank 12.7% per annum	3,361,403 5,684,206 0,854,691 1,773,384	39,022,497 24,767,435 20,846,244 - 10,180,000
Development 33 Halyk Bank JSC 22 Bonds 22 Sberbank 13.8% per annum Kazkommertsbank 12.7% per annum	5,684,206 0,854,691 1,773,384	24,767,435 20,846,244 - 10,180,000
Halyk Bank JSC Bonds Sberbank Kazkommertsbank 13.8% per annum 12.7% per annum	5,684,206 0,854,691 1,773,384	24,767,435 20,846,244 - 10,180,000
Bonds 2 Sberbank 13.8% per annum Kazkommertsbank 12.7% per annum	0,854,691 1,773,384 -	20,846,244
Sberbank 13.8% per annum 12.7% per annum 12.7% per annum	1,773,384	10,180,000
Kazkommertsbank 12.7% per annum	-	
Total Samruk-Energy 14	1,485,953	154.776.018
		,
AZhK		
12.9% -15.2% per		
	2,751,056	11,612,389
	1,997,773	2,227,376
Notes payable 11.5% per annum	450,358	450,358
Total AZhK 1	5,199,187	14,290,123
Almaty Power Stations		
Halyk Bank 12.9% - 16.8% per 1	9,630,346	21,814,335
	9,426,802	12,117,534
Total Almaty Power Stations 2	9,057,148	33,931,869
Moinak HPP		
State Development Bank of China 6MLIBOR+1.2% 4	0 905 952	50 267 422
	9,895,852 9,565,975	50,267,422 20,300,470
i		
Total Moinak HPP 6	9,461,827	70,567,892
AlmatyEnergoSbyt		
Halyk Bank 12.9-14% per annum	1,331,346	2,061,367
Total AlmatyEnergoSbyt	1,331,346	2,061,367
PVES		
Eurasian Development Bank 13.4% per annum 1	0,244,426	11,223,457
Total PVES 1	0,244,426	11,223,457
Shardara HPP		
European Bank for Reconstructions and 11% 1	4,462,543	14,471,232
Total Shardara HPP		14,471,232

16 Borrowings (continued)

In thousands of Kazakhstani Tenge	Effective interest rate,%	30 June 2018	31 December 2017
EGRES-1			
Subsidiary bank "Sberbank" JSC Halyk Bank JSC	13.2% 12.9%	25,985,487 14,000,776	29,047,445 28,117,641
Total EGRES-1		39,986,263	57,165,086
Total borrowings		321,228,693	358,487,044

For the six months ended 30 June 2018 the following significant changes in loans received:

Samruk-Energy

During the six months of 2018, the Company paid the principal debt for the loan from European Bank for Reconstruction and Development and Kazkommertsbank for the amounts of Tenge 5,942,816 thousand and Tenge 10,180,000 thousand, respectively.

EGRES-1

During the six months of 2018, EGRES-1 made an early repayment of the loan of Halyk Bank and payment of the principal debt on loan of Sberbank for a total amount of Tenge 16,000,000 thousand.

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

17 Trade and Other Payables

30 June 2018	31 December 2017
13,595,313	9,602,687
5,841,513	5,841,513
2,888,067	774,653
588,102	939,210
22,912,995	17,158,063
2,027,166	1,826,821
1,887,592	2,094,737
1,174,066	1,174,066
1,125,415	1,355,122
1,057,044	1,288,728
30,184,278	24,897,537
	13,595,313 5,841,513 2,888,067 588,102 22,912,995 2,027,166 1,887,592 1,174,066 1,125,415 1,057,044

As of 30 June 2018 and 31 December 2017, financial trade payables of Company are denominated in Tenge.

18 Revenue

In thousands of Kazakhstani Tenge	Six months ended 30 June 2018	Six months ended 30 June 2017	Three months ended 30 June 2018	Three months ended 30 June 2017
	444 000 507	00 004 777	50.074.400	40.040.000
Sale of electricity	111,928,527	90,304,777	52,071,409	40,613,002
Sale of heat energy	12,071,651	8,903,498	2,273,001	2,062,241
Electricity transmission and				
distribution services	2,891,469	1,699,406	1,331,709	819,222
Income from lease of renewable				
energy power plants	2,562,957	2,553,719	1,319,752	1,159,305
Income from lease of investment				
property	1,685,072	1,607,975	856,554	801,714
Sale of chemical water	881,783	812,038	449,383	430,267
Other	47,220	351,573	28,229	77,150
Total revenue	132,068,679	106,232,986	58,330,037	45,962,901

19 Cost of Sales

	Six months ended	Six months ended	Three months ended	Three months ended
In thousands of Kazakhstani Tenge	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Fuel Depreciation of property, plant and equipment and amortisation of	29,537,045	21,586,505	11,067,918	7,506,435
intangible assets	23,657,513	21,627,102	11,914,358	10,487,176
Payroll and related expenses	12,002,808	11,434,351	5,968,781	5,871,760
Cost of purchased electricity Electricity transmission and other	5,794,195	2,825,448	3,934,411	1,780,716
services	4,914,193	4,047,324	2,421,831	1,976,921
Taxes other than income tax	4,594,996	3,644,533	2,178,849	1,725,916
Third party services	3,704,101	4,102,270	1,827,076	1,918,783
Repairs and maintenance	2,297,271	2,157,279	1,498,443	1,521,747
Water supply	2,274,604	1,996,295	1,186,613	1,095,509
Materials	829,523	846,719	298,449	527,597
Security service	504,234	493,768	249,275	249,661
Rent services	95,799	91,737	48,753	45,793
Electricity losses on transmission (Reversal of provision)/provision on obsolete and slow-moving	65,888	76,090	45,532	52,845
inventories	(180,890)	78,300	(2,626)	114,565
Other	1,367,364	1,279,440	692,266	642,644
Total cost of sales	91,458,644	76,287,161	43,329,929	35,518,068

20 Selling expense

In thousands of Kazakhstani Tenge	Six months ended 30 June 2018	Six months ended 30 June 2017	Three months ended 30 June 2018	Three months ended 30 June 2017
Electricity transmission	5,870,443	5,221,457	2,986,493	3,232,329
Dispatch and electricity control	3,237,416	2,003,863	1,507,754	895,498
Payroll and related expenses	7,628	5,424	3,743	2,513
Other	4,802	218	3,114	113
Total selling expense	9,120,289	7,230,962	4,501,104	4,130,453

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

21 General and Administrative Expenses

In thousands of Kazakhstani Tenge	Six months ended 30 June 2018	Six months ended 30 June 2017	Three months ended 30 June 2018	Three months ended 30 June 2017
Payroll and related expenses	2,650,600	2,761,185	1,271,216	1,437,573
Consulting and other professional services	943.634	644,555	398,068	237,891
Expenses on Expo-2017	763,348	-	763,348	-
Depreciation of property, plant and equipment and amortisation of	e december de puede		(C. 150.55 € 550. 50 50	
intangible assets	455,970	549,808	195,364	272,090
Rent expense	324,270	315,309	162,127	161,767
Taxes other than income tax	258,970	195,342	84,726	65,986
Security services	131,536	133,630	65,983	71,574
Business trip and representative				
expenses	104,833	119,578	63,879	85,650
Materials	91,042	102,481	51,172	55,060
Repair and maintenance	71,876	78,902	32,337	45,305
Communication expenses	61,363	57,136	31,946	30,206
Insurance	49,664	43,399	24,280	19,213
Bank charges	46,876	88,633	24,919	21,694
State duty	22,299	15,170	3,590	6,290
Transportation expenses	8,836	13,886	3,917	6,447
Administrative fines	-	775,800	-	775,800
Charge of provision for impairment of trade and other receivables and				
other current assets	425,718	588,561	247,075	550,530
Other	614,965	831,291	389,090	539,207
Total general and administrative				
expenses	7,025,800	7,314,666	3,813,037	4,382,283

22 Finance Income

In thousands of Kazakhstani Tenge	Six months ended 30 June 2018	Six months ended 30 June 2017	Three months ended 30 June 2018	Three months ended 30 June 2017
Interest income on bank deposits	677,745	1,294,635	250,961	616,754
Amortization of discount of long-	011,140	1,201,000	200,001	010,701
term accounts receivable	404,880	-	204,761	
Foreign exchange gain, net	-	6,404,370	-	-
Interest income on bonds	58,276	6,479	27,176	3,239
Other	32,589	12,710	16,895	6,333
Total finance income	1,173,490	7,718,194	499,793	626,326

23 Finance Costs

In thousands of Kazakhstani Tenge	Six months ended 30 June 2018	Six months ended 30 June 2017	Three months ended 30 June 2018	Three months ended 30 June 2017
Interest expense on borrowings	12,863,032	6,507,342	5,846,262	3,310,202
Foreign exchange loss, net	1,987,031	_	3,733,829	4,990,560
Interest expense on bonds	1,308,406	2,966,953	654,203	1,481,438
Dividends on preference shares of				
subsidiaries	70.554	70,550	35,277	35,275
Unwinding of the present value of		1 to 200	000 00 € 000000 0	03000 € 00000 ≥00
discount:				
- loans and financial aids from the	0.044.704	4 005 470	4 404 044	070 047
Shareholder	2,241,791	1,905,479	1,134,844	879,817
 loans from customers 	123,676	136,234	61,599	67,895
 ash dump restoration provision 	83,211	53,538	45,205	44,407
- employee benefit	61,803	56,164	30,221	27,692
- bonds issued	47	38,492	47	21,962
Other	601,753	121,638	148,140	74,323
Total finance costs	19,341,304	11,856,390	11,689,627	10,933,571

24 Income tax

In thousands of Kazakhstani Tenge	Six months	Six months	Three months	Three months
	ended	ended	ended	ended
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Current income tax expense	4,268,938	1,767,552	1,536,106	301,823
Deferred income tax expense	180,546	1,318,149	(299,448)	205,642
Total income tax expense	4,449,484	3,085,701	1,236,658	507,465

24 Income tax (Continued)

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

In thousands of Kazakhstani Tenge	Six months ended 30 June 2018	Six months ended 30 June 2017	Three months ended 30 June 2018	Three months ended 30 June 2017
Profit/(loss) before tax under IFRS	13,462,567	9,434,752	(2,361,534)	(15,538,777)
Theoretical tax expense/(benefit) at statutory rate of 20% (2017: 20%) Adjustments for:	2,692,513	1,886,950	(472,307)	(3,107,755)
Share of (loss)/profit in joint ventures and associates not subject to income tax Other non-deductible expenses Temporary differences that will be recognised upon termination of	(1,327,154) 454,379	516,004 594,846	63,049 309,816	1,488,475 598,411
investment contract Withholding tax Adjustment of prior years income tax	133,950 30,820 -	(171,572) 90,460 68,969	75,180 8,870	(170,064) 47,474 68,969
Changes in unrecognised deferred income tax assets Income of Moinak HPP exempted from income tax	2,574,057 (109,081)	655,044 (555,000)	783,072 468,978	2,023,435 (441,480)
Total income tax expense	4,449,484	3,085,701	1,236,658	507,465

25 Contingencies, Commitments and Operating Risks

In addition to the information below, as of 30 June 2018, 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 2017.

Legal cases

In the course of normal operations, the Group is subject to litigations and claims. At present, 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

As at 30 June 2018, the Group had contractual commitments to purchase the property, plant and equipment for Tenge 177,687,396 thousand (31 December 2017: Tenge 125,739,732 thousand).

Capital commitments of joint ventures and associates

As at 30 June 2018, the Group's share in capital expenditure commitments of Forum Muider and ERGES-2 comprised Tenge 44,778,943 thousand (31 December 2017: Tenge 45,534,696 thousand).

Contingent liability on Put Option of BTPP shares

As described in Note 4, 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. Currently, the Government of the Republic of Kazakhstan and Samsung C&T are in the final phase of the negotiation process. Considering the government's position and status of negotiation the Group believes that the likelihood of a material outflow of economic resources from the Group with respect to the Put Option is not probable. Accordingly, in the condensed consolidated interim financial statements as at 30 June 2018, the Group did not create any provision in respect of the option exercised by Samsung C&T (Note 4).

25 Contingencies, Commitments and Operating Risks (Continued)

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 a default. As of 30 June 2018, the Group was in compliance with its covenants.

26 Fair Value of Financial Instruments

Fair value measurement

To give a view of the reliability of the data used in determining the fair value, the Group classifies its financial instruments at three levels established in accordance with IFRS. Fair value measurements are analysed 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, and (iii) level 3 measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

	30 June 2018			31 December 2017				
In thousands of				Carrying				Carrying
Kazakhstani Tenge	Level 1	Level 2	Level 3	value	Level 1	Level 2	Level 3	value
ASSETS								
Cash and cash								
equivalents	-	10,542,739	-	10,542,739	-	32,719,043	-	32,719,043
Restricted cash	-	7,530,802	-	7,530,802	-	7,312,723	-	7,312,723
Term deposit		3,120,385	_	3,120,385	_	5,066,348	_	5,066,348
Financial		W. C.				-,,		0,000,010
receivables	-	21,023,247	-	21,023,247	_	23,799,171	-	25,525,739
Long-term		,						_0,0_0,00
receivables	_	10,625,141	i	11,491,353	-	11,660,781	-	11,660,781
Dividends								
receivable	*	-	374	374	-	-	1,281,082	1,281,082
Fair value of future								
minimum lease								
payments	=	=	9,465,731	480,293	-	-	9,607,937	531,852
Other receivables	-	4,469,609	-	4,469,609	-		-	-
Bonds	1,802,044		:	1,906,164	1,228,736	*	767,518	1,996,254
Total financial								
assets	1,802,044	57,311,923	9,466,105	60,564,966	1,228,736	80,558,066	11,656,537	86,093,822
LIABILITIES								
Borrowings	-	306,749,967	_	321,228,693	-	333,948,588	_	358,487,044
Financial payables	_	22,912,995	_	22,912,995	-	17,158,063	_	17,158,063
Non-current trade	_		2.269.521	2,269,521	_	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	2,257,670	2,257,670
	~		2,200,021	2,200,021			2,201,010	2,201,010
Total financial		329,662,962	2,269,521	346,411,209		351,106,651	-	377,902,777

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.

27 Events after reporting date

During July, "GRES-1" LLP made an early repayment at Halyk Bank for the amount of Tenge 2 billion.

On 5 July 2018, principal and accrued interest in the amount of Tenge 999,576 thousand were repaid ahead of schedule on a credit line with SB Sberbank of Russia.

On 24 July 2018, the Company repaid the principal and interest on EBRD loan for the amount of Tenge 1,521,117 thousand and Tenge 995,269 thousand, respectively.

On 31 July 2018, a tranche of Tenge 350,000 thousand was received on a credit line with SB Sberbank of Russia.