



“Samruk-Energy” JSC

Condensed Separate Interim Financial Statement (unaudited)

30 September 2017

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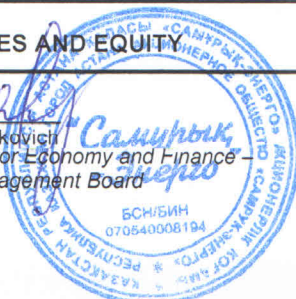
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SAMRUK-ENERGY JSC
Condensed Separate Interim Statement of Financial Position

<i>In thousands of Kazakhstani Tenge</i>	Note	30 September 2017 (unaudited)	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment		346,239	620,644
Intangible assets		1,179,501	1,014,924
Investments in subsidiaries and jointly controlled entities	5	536,107,470	533,424,495
Loans issued	7	17,038,010	35,712,236
Other non-current assets	8	1,447,598	3,516,718
Total non-current assets		556,118,818	574,289,017
Current assets			
Inventories		15,383	22,397
Loans issued	7	10,046,271	14,511,037
Other current assets	9	34,999,778	31,300,110
Cash and cash equivalents	10	101,924,521	4,812,476
Non-current assets held for sale	6	31,415,058	31,182,280
Total current assets		178,401,011	81,828,300
TOTAL ASSETS		734,519,829	656,117,317
EQUITY			
Share capital	11	373,314,888	373,314,888
Other reserves		91,668,501	91,668,501
Retained loss		(47,565,997)	(49,725,062)
TOTAL EQUITY		417,417,392	415,258,327
LIABILITIES			
Non-current liabilities			
Borrowings	12	157,412,859	66,434,655
Long-term financial guarantee	13	2,325,638	1,432,273
Total non-current liabilities		159,738,497	67,866,928
Current liabilities			
Borrowings	12	152,322,280	170,832,678
Other payables and accrued liabilities	14	3,808,362	907,798
Liabilities to the Shareholder	15	1,174,065	1,174,065
Other taxes payable		59,233	77,521
Total current liabilities		157,363,940	172,992,062
TOTAL LIABILITIES		317,102,437	240,858,990
TOTAL LIABILITIES AND EQUITY		734,519,829	656,117,317

Maxutov Kairat Berikovich
 Managing Director for Economy and Finance –
 Member of the Management Board



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

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

<i>In thousands of Kazakhstani Tenge</i>		9 months ended 30 September 2017 (unaudited)	9 months ended 30 September 2017 (unaudited)	3 months ended 30 September 2017 (unaudited)	3 months ended 30 September 2016 (unaudited)
Dividend income	16	20,494,415	6,691,792	4,766,205	2,854,776
Other income		384,445	15,582	262,084	11,928
Other expenses		(134,330)	(144,756)	(81,579)	(6,009)
General and administrative expenses	17	(4,800,865)	(4,160,741)	(1,326,500)	(1,140,383)
Profit from main activity		15,943,665	2,401,877	3,620,210	1,720,312
Finance income	18	4,285,741	9,938,872	1,296,192	2,856,448
Finance costs	19	(11,083,559)	(15,467,970)	(3,390,565)	(4,554,656)
Gains/(loss) from exchange rate differences		(2,162,851)	2,145,852	(6,674,843)	1,427,886
Profit/(loss) before income tax		6,982,996	(981,369)	(5,149,006)	1,449,990
Income tax expense	20	(119,036)	(231,888)	(38,894)	(76,742)
Profit/(loss) for the period		6,863,960	(1,213,257)	(5,187,900)	1,373,248
Total comprehensive income/(loss) for the period		6,863,960	(1,213,257)	(5,187,900)	1,373,248

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

<i>In thousands of Kazakhstani Tenge</i>	Note	Share capital	Other reserves	Retained earnings/ (Retained loss)	Total equity
Balance as at 1 January 2016		355,650,405	91,668,501	(39,940,758)	407,378,148
Loss for the period (unaudited)		-	-	(1,213,257)	(1,213,257)
Total comprehensive loss for the period (unaudited)		-	-	(1,213,257)	(1,213,257)
Increase in share capital		17,664,483	-	-	17,664,483
Dividends accrued		-	-	(2,041,000)	(2,041,000)
Balance as at 30 September 2016 (unaudited)		373,314,888	91,668,501	(43,195,015)	421,788,374
Balance at 1 January 2017		373,314,888	91,668,501	(49,725,062)	415,258,327
Profit for the period (unaudited)		-	-	6,863,960	6,863,960
Total comprehensive profit for the period (unaudited)		-	-	6,863,960	6,863,960
Dividends accrued		-	-	(4,704,895)	(4,704,895)
Balance at 30 September 2017 (unaudited)		373,314,888	91,668,501	(47,565,997)	417,417,392

SAMRUK-ENERGY JSC
Separate Statement of Cash Flows

	9 months ended 30.09.2017	9 months ended 30.09.2016
(i) <i>In thousands of Kazakhstani tenge</i>		
Note		
Cash flows from operating activities::		
Cash proceeds, total	4,379,960	3,979,348
Interest received	3,296,523	3,900,944
Other proceeds	1,083,437	78,404
Cash outflow, total	(10,202,535)	(12,077,662)
Payments to suppliers for goods and services	(1,456,878)	(1,172,201)
Advances paid	(587,964)	(688,502)
Payments on wages	(1,425,770)	(1,304,538)
Repayment of interest on loans received	(2,345,460)	(2,911,769)
Repayment of interest on debt securities	(3,183,150)	(3,141,563)
Corporate income tax	(119,035)	(231,888)
Other payments to the budget	(250,972)	(224,498)
Other payments	(833,306)	(2,402,703)
Net cash used in operating activities	(5,822,575)	(8,098,314)
Cash flows from investment activities		
Cash proceeds, total	60,605,118	44,706,017
Dividends received	13,272,368	8,324,471
Proceeds from sale of subsidiaries	2,580,000	154,717
Proceeds from sale of equity stake in associated organizations	-	2,194,110
Return of bank deposits	9,219,733	21,468,535
Repayment of loans received	12,770,130	6,413,508
Proceeds from repayment of debt instruments by issuers	22,762,887	6,150,676
Other proceeds	-	-
Cash outflows, total	(17,699,920)	(39,373,577)
Acquisition of property, plant and equipment and intangible assets	(111,847)	(123,852)
Borrowings and financial aid provided to subsidiaries and jointly controlled entities	(12,780,290)	(3,597,162)
Acquisition of debt instruments	-	(4,500,000)
Acquisition of equity stake in associated organizations	-	(12,483,260)
Contribution to equity of subsidiaries	(1,724,925)	(5,508,605)
Placement of bank deposits,	(3,082,858)	(13,160,414)
Other payments	-	(284)
Net cash used in investment activities	42,905,198	5,332,440
Cash flows from financing activities		
Cash proceeds, total	94,991,691	18,193,483
Proceeds from shares issue	-	17,664,483
Obtaining of bank loans	46,907,000	529,000
Proceeds from issued bonds	48,084,691	-
Cash outflow, total	(36,283,169)	(12,550,702)
Repayment of loans from Samruk-Kazyna	(2,381,109)	(2,381,109)
Repayment of loans from banks and other organizations	(1,271,900)	(10,098,000)
Payment of dividends to shareholders	(4,704,895)	-
Payment of debt securities (bonds)	(27,273,272)	-
Other payments	(651,993)	(71,593)
Net cash flows (used in)/received from financial activities	58,708,522	5,642,781
Foreign exchange difference effect on cash and cash equivalents	1,320,900	437,321
Net (decrease)/increase in cash and cash equivalents	97,112,045	3,314,228
Cash and cash equivalents at the beginning of the year	4,812,476	6,635,292
Cash and cash equivalents at the end of the period	101,924,521	9,949,520

1 The Company and Its Operations

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

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

Principal activity

The Company is a holding company (the "Company"), including a number of companies (Note 7), whose principal activities are production of electricity, heat and hot water on the basis of coal, hydrocarbons and water resources, and sale to households and industrial enterprises, transmission of electricity and technical distribution of electricity within the network, construction of hydro and thermal power plants, and lease of hydro power plants' property.

Registered address and place of business: 15A, Kabanbai Batyr Avenue, Astana, Republic of Kazakhstan.

2 Basis of Preparation of financial statements and Significant Accounting Policies

Basis of preparation of financial statements

These separate condensed interim financial statements for the nine months ended 30 September 2017 were prepared in accordance with International Financial Reporting Standards (IFRS), using the historical cost convention, as adjusted for initial recognition of financial instruments at fair value. The significant accounting policies used in the preparation of this condensed separate interim financial report are consistent with those accounting policies that were used in the preparation of the financial statements for the last financial year, with the exception of accounting for income tax. This separate, condensed separate interim financial report is subject to disclosure together with the Company's annual separate financial statements as of 31 December 2016 prepared in accordance with IFRS. The accounting policies used in the preparation of this condensed separate interim financial report are consistent with those accounting policies that were applied in the previous separate financial statements.

The Company has prepared this condensed separate interim financial statements for management.

The income tax expenses for the interim period are based on the estimated average effective income tax rate expected for the entire fiscal year.

Preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions. It also requires the management to use professional judgment in the process of applying the Company's accounting policies.

Currency exchange rates

At 30 September 2017 the exchange rate used for translation of foreign currency balances was 1 US Dollar = Tenge 341,19 (31 December 2016: 1 US Dollar = Tenge 333.29) and 1 RUB = Tenge 5.43 (31 December 2016: 1 RUB = Tenge 5.25).

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

New accounting pronouncements

New and amended standards and interpretations should be applied in the preparation of the first interim financial statements issued after their effective date. There are no new IFRSs or IFRICs that are effective for the first time for this interim period and that would be expected to have a material impact on the Company, presentation of Financial Statements, and on assessment of its transactions and balances.

A set of new standards, amendments to standards and interpretations is not effective as at 30 September 2017. The requirements of these amended standards have not been considered for the preparation of these condensed interim financial statements. The Company plans to adopt these standards as they become effective. Currently, the Company has not yet completed the analysis of potential effect of these standards on its financial statements.

3 Critical Accounting Estimates, and Judgments in Applying Accounting Policies

While preparing the condensed separate interim financial statements, the Company uses estimates and makes assumptions that affect the applicable accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Applied critical accounting estimates and judgments correspond to the accounting estimates and judgments applied in the preparation of the annual separate financial statements for the year ended 31 December 2016, except for the calculation of income tax provisions.

Going concern principle

Management has prepared this condensed separate interim financial report on a going concern basis. Management decision is based on the financial position of the Company, its current intentions, profitability of operations and access to financial resources. As of 30 September 2017 current liabilities of the Company exceeded total current assets by 10,377,987 thousands tenge (excluding assets held for sale in Note 6). The growth of short-term liabilities is due to maturity of "Samruk-Energy" Eurobonds in December 2017. Eurobonds in the amount of 500 million US Dollars or 161,274,000 thousands tenge were classified as current liabilities as of 30 September 2017. In addition, as of 30 September 2017, there is uncertainty regarding the construction of the Balkhash TPP (See paragraph "Balkhash TPP").

The following factors were considered when assessing the Company's ability to continue as going concern:

- The company has a strategic importance for ensuring reliability of the energy system of Kazakhstan.
- The Company has hired international experts to develop the most optimal options of refinancing or restructuring Eurobonds.
- On December 9, 2016, the Company signed a loan agreement with the EBRD of 100 million euros, or 35,242,000 thousand tenge to refinance the Eurobonds.
- The company expects more than 14,700,000 thousands tenge from the sale of assets held for sale in 2017.
- The Company expects cash inflows in the form of dividends for the amount of 9,736,328 thousands tenge.
- Following the results of 9 months of 2017, the Company attracted funds for the amount of 117,754,578 thousand tenge (borrowed funds of STB, issue of local bonds, early redemption of bonds of subsidiaries and affiliates) for the purposes of refinancing Eurobonds.
- The maturity of Eurobonds is in December 2017, the Company has made all arrangements to ensure sufficient liquidity for refinancing and timely repayment of obligations under Eurobonds.
- Management of the Group expects that Group will receive a support necessary to continue construction of the Balkhash TPP (See paragraph "Balkhash TPP").
- Management and shareholders of the Company do not have intention or necessity to liquidate the Company's operations.

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

Impairment of non-financial assets

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

Determining the presence of impairment indicators of non-financial assets also requires the use of judgments and estimates in determining possible technological obsolescence of fixed assets, discontinued operations, residual useful lives, and other changes in operating conditions.

Under IAS 36, one of the possible impairment indicators is the presence of significant changes that had negative consequences for the Company that occurred during the period or are expected in the near future in the technological, market, economic or legal environment in which the Company operates or in the market for which the asset is used.

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

Impairment of non-financial assets

At the end of each reporting period, the management assesses whether there is evidence of impairment of individual assets or groups of assets, and signs that an impairment loss recognized in previous periods for assets or groups of assets other than goodwill no longer exists or has decreased. If any such characteristics exist, management estimates the recoverable amount of the asset, which is determined as the higher of its fair value less costs to sell and its value in use. The calculation of the value in use requires the application of estimates and professional judgment on the part of management, which are considered justified in the circumstances.

Identifying 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, discontinuation of operations, residual useful lives, and other changes in operating conditions.

Under IAS 36, one of the signs of impairment is the existence of significant changes that have had negative consequences for the Company that occurred during the period or are expected in the near future in the technological, market, economic or legal conditions in which the Company operates or in the market for which the asset is intended.

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

As of 30 June 2017, the Company conducted a test for impairment of investments in "Alatau Zharyk Company" JSC (the "AZhC"), "Almaty Power Plants" JSC (the "APP"), Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP (the "ESDPP-1") and "Ekibastuz SDPP-2 Plant" JSC (the "SDPP-2"). These entities are the most sensitive to economic changes and are significant subsidiaries of the Company.

Based on the results of the analysis as of 30 June 2017, the management has not identified any indicators of impairment indicators of non-financial assets of AZhC and ALES. The main facts and assumptions used in the analysis are:

- Increase in sales of electricity and heat energy during the period ending 30 June 2017 compared to prior year period;
- Increase in tariffs of heat energy during the period ending 30 June 2017 compared to prior year period;
- Positive dynamics in the production and consumption of electricity;
- Expected growth in the medium-term outlook of the electricity production deficit in the southern zone of the Republic of Kazakhstan, where the AZhC and ALES operate.

As of 30 September 2017 the results of analysis conducted remain valid.

ESDPP-1

Based on the analysis as of 30 June 2017, the Company's management concluded that a decrease in the forecasted weighted average tariff level is an impairment indicator for property, plant and equipment.

The Company engaged independent experts for impairment test, which was conducted in accordance with IAS 36 "Impairment of Assets".

The independent expert estimated the recoverable amount of property, plant and equipment and intangible assets of ESDPP-1 based on the estimated future cash inflows and outflows from the use of assets, discount rates and other factors.

The recoverable amount was determined based on value in use. In these calculations, cash flow projections were used based on updated financial budgets approved by management for a 10-year period from 2017 to 2026.

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

The following table sets out the key assumptions, where impairment calculations were updated as at 30 June 2017:

	30 June 2017	31 December 2016
Projected tariffs	Changes in forecast tariffs are shown in the table below	
Projected volumes:	The forecast volumes of consumption and sales in Kazakhstan have not changed significantly	
Kazakhstan Export *	41,345 thous. MWh for 2017 – 2026	8,700 thous. MWh for 2017- 2025
Capacity	258,596 MW	220,734 MW
The growth rates of the post-forecast period	2.8%	4.0%
Discounting rate	11%	12%

* The increase in projected export volumes is due to the resumption of exports to the Russian Federation

Forecast tariffs

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Weighted average tariff for electricity (tenge per 1 kWh):										
As of 30 June 2017	6.4	7.0	7.0	7.2	7.4	7.8	8.1	8.5	9	9.4
As of 30 December 2016	7.6	7.9	7.4	7.5	7.5	7.9	8.3	8.7	9.7	-

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

The valuation techniques used to calculate the value of use are consistent with the methods applied as at 31 December 2016.

If the weighted average cost of capital increases by 1%, the total carrying value of revalued property, plant and equipment will decrease by Tenge 65,407 thousands, however this will not lead impairment of investments in ESDPP-1.

As a result of the test, the recoverable amount of property, plant and equipment as at 30 June 2017 amounted to Tenge 601,932,000 thousand, compared to carrying value amounting to Tenge 522,111,000 thousand. Accordingly, management did not reveal any impairment of property, plant and equipment and intangible assets. Taking into account that as of 30 June 2017, the net assets of ESDPP-1 were Tenge 415,376,606 thousands, and have significantly exceeded the book value of the respective investment in the Company's separate financial statements, management concluded that there was no impairment of investments in ESDPP-1.

As of 30 September 2017 the results of analysis conducted remain valid.

Investments in ESDPP-2

Based on the results of the assessment, the Company's management concluded that the revision of the forecast sales volumes and the decrease of the weighted average tariff rate are indicators of impairment of investments in ESDPP-2 and decided to update the estimation of the recoverable amount of property, plant and equipment and intangible assets of ESDPP-2 as of 30 June 2017. This entity is a significant jointly controlled entity of the Company and is most sensitive to macroeconomic changes. ESDPP-2 is a heat power plant that produces electricity and is a power plant of national importance. Accordingly, the Company's management decided to conduct an impairment test for this asset.

The Company attracted independent experts to conduct the impairment test, which was conducted in accordance with IAS 36 "Impairment of Assets".

The independent expert estimated the recoverable amount of property, plant and equipment and intangible assets of ESDPP-2, based on the estimated future cash inflows and outflows from the use of assets, discount rates and other factors.

The recoverable amount was determined based on values-in-use method. Cash flow projections were used based on updated financial budgets approved by management for an 8-year period from 2017 to 2025.

As a result of the impairment test, the carrying value of the ESDPP-2 property, plant and equipment was reduced by Tenge 15,464,161 thousand.

Accordingly, as of 30 June 2017 net assets of ESDPP-2 amounted in Tenge 50,228,850 thousands and significantly exceed book value of respective investment of the Company. Management concluded that there was no impairment of investments in ESDPP-2.

The major events that led to impairment loss recognition during the six months 2017 are the following:

- Decrease in the level of the weighted average tariff due to the increase in the share of electricity sales through centralised trading at low tariffs;
- Changes in the volume of production and sales of electricity due to the revision of forecasts for electricity consumption.

Key assumptions used are presented below:

Tariffs for electricity

The following tariffs were used by management for calculation of the recoverable amount of assets:

- The average tariff for 2016 equals to 6.89 tenge per 1 kWh, which represents the actual tariff applicable on the sale of electricity in 2016, and does not exceed the cap tariff, approved and set by Ministry of Energy for 2016-2018 years at a rate of 8.8 tenge per 1 kWh
- Projected weighted average tariffs for subsequent periods are as follows:

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

	7m of 2017	2018	2019	2020	2021	2022	2023	2024	2025
Tariffs for electricity (Tenge per 1 kWh)	6.90	6.27	6.98	7.36	7.68	8.04	8.40	8.76	28.75

Tariff forecast was based on management's expectations in connection with the resumption of a project on construction of the power unit # 3 in 2020. Significant increase in tariffs in 2025 is due to the expected commissioning of the power unit # 3, and changes in the tariff structure, which is due to introduction of capacity power market in the Republic of Kazakhstan. According to the Law "On Electric Power Industry" of the Republic of Kazakhstan the ESDPP-2 is able to obtain an individual tariff for the electricity. Establishing individual tariff is possible upon the completion of the power unit #3 with capacity of 630 MW and concluding investment agreement with the competent authority. Calculation of individual tariffs, in addition to operating expenses, takes into account the desired value to cover the costs associated with the investment component of repayment of the loan obligations incurred for the completion of the unit #3.

In case of decrease of the tariffs on electricity by 10%, recoverable amount of property, plant and equipment of ESDPP-2 will be less than its carrying value by Tenge 50,094,631 thousands. Consequently, the recoverable amount of the Company's investment in ESDPP-2 will be impaired by Tenge 8,658,024 thousands.

Production and sales volumes of electricity

For the calculation of the recoverable amount the estimated volumes of electricity production/ sales from unit #3 and the related investment necessary to complete the construction were taken into account. The following estimated volumes were used:

	7m.2017	2018	2019	2020	2021	2022	2023	2024	2025
The volume of electricity production (in millions of kWh)	2.675	5.010	5.801	6.001	6.101	6.101	6.101	6.101	6.184

Management expects that the production and sales volumes during the forecast period prior to putting into operation power unit #3 will be stable. ESDPP-2 expects the launch of power unit #3 in 2025 and assumes a uniform distribution of electricity generation between power unit #3 and power units #1 and #2 in the forecast period starting from 2025. Although management expects stable volumes of electricity sales during the forecast period, a 10% decrease in the allowable limits will result in decrease of ESDPP-2 property, plant and equipment by Tenge 21,180,283 thousand, but will not affect the Company's investment in ESDPP-2 in a separate statement.

As of 30 September 2017 the results of analysis conducted remain valid.

Discount rate

The discount rate of 12.94% was estimated considering the reflection of the current market risk assessment inherent to ESDPP-2, and is estimated based on the weighted average cost of capital for the industry. In the future further changes in the discount rate may be necessary to reflect the changing risks inherent in the industry and changes in the weighted average cost of capital. An increase in the discount rate by 1% will lead to decrease of ESDPP-2 property, plant and equipment by Tenge 12,131,267 thousand, but it will not affect Company's investment in ESDPP-2 in a separate statement.

As of 30 September 2017 the results of analysis conducted remain valid.

Balkhash TPP

"Construction of Balkhash TPP" Project (hereinafter referred to as the Project) is implemented as part of intergovernmental agreement signed between the Government of the Republic of Kazakhstan and the Government of the Republic of Korea. The agreement signed in 2011 includes economic cooperation in financing, engineering, construction, operation and maintenance of the power plant.

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

The shareholders of Balkhash TPP (hereinafter BTPP) are Samsung C & T Corporation (hereinafter Samsung C & T or Samsung C & T Corporation) and "Samruk-Energy" JSC with the equity stake 50% + 1 share and 50% -1 share, respectively, as of 30 September 2017. The entity was established in 2008 as a joint stock company. In June 2012, JSC "BTPP" and Samsung Engineering 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 Corporation" 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 operating company and the national operator of the unified power system of the Republic of Kazakhstan); the tariffs in the contract are set in US dollars.

On 14 February 2012 "Samruk-Energy" JSC 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 require the Company to acquire Samsung C&T's shares of BTPP, 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 met.

Until August 2016 the JSC "Samruk-Energy" and Samsung C&T have repeatedly extended this option to sell the shares.

In order to arrange 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 "Samruk-Energy" of its intention to exercise the option to sell the shares in accordance with the Option Agreement.

Due to the lack of financing for BTPP on 31 August 2016 Samsung Engineering Co. Ltd also notified BTPP about the termination of the EPC contract.

In accordance with the requirements of the Option Agreement, the option price is equal to the aggregate amount paid by Samsung C & T Corporation 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 Corporation, net of any dividends and other payments received by Samsung C & T Corporation for its shares. As of 30 September 2017 the book value of the share capital of Samsung C & T in BTPP is Tenge 32.085 billion, while the amount of Samsung C&T's contributions amounted to 192 million US dollars.

After receiving notification from Samsung C&T, Samruk Energy and the Government of Kazakhstan has adopted a number of measures in respect of this matter from October 2016 until now.

Taking into account the strategic importance of the project to ensure power system reliability in Southern Kazakhstan, the Government of Kazakhstan approved the continuation of negotiations with Samsung C&T.

In particular, the Government of Kazakhstan and the state authorities 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 Samsung Engineering Co. Ltd and Samsung C&T withdrew their notice of termination of the EPC contract.

However, since the Letter of Support from the Kazakhstani 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 works on construction of a power plant have been suspended.

Management believes that the Company will receive the necessary support for the continuation of construction and further joint activities with Samsung C&T on the basis of the following factors:

- According to the current forecast of energy consumption, the Southern region will experience a shortage of electricity in the future;
- The project of construction of the Balkhash Thermal Power Plant is the subject of an intergovernmental agreement between the Republic of Kazakhstan and Republic of Korea;

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

- The Government of the Republic of Kazakhstan set the future tariffs for the service to maintain the availability of capacity of power generating units in US dollars for the period from 2018 to 2039 years to support the project.

Therefore, management believes that the project will be resumed within the existing joint entity, and that the conditions of Capacity Purchase Agreement, including tariffs, denominated in US dollars, will provide sufficient cash flows to recover the investment and the probability of a loss arising related to the Option Agreement is low.

Based on the arguments above, management believes that as of the date of approval of these condensed consolidated interim financial statements it is not necessary to reflect any impairment of the Company's investment in JSC "BTPP" or to record any additional obligations related to the project, including in respect of the Option Agreement. At the same time management notes that at the date of signing the condensed separate interim financial statements uncertainty exists in respect of the continuation or timing of the completion of the project and it is impossible to assess its impact on the Company and on the condensed separate interim financial statements.

4 Settlements and transactions with related parties

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

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

The nature of relations with those related parties with whom the Company entered into transactions or had balances outstanding at 30 September 2017 and 31 December 2016 is detailed below:

The outstanding balances with related parties as at 30 September 2017 are as follows:

<i>In thousand of Kazakhstani Tenge</i>	Note	Shareholder	Companies under common control	Subsidiaries and JVs
Loans issued to subsidiaries		-	-	5,956,242
Accounts receivable		-	-	-
Other current assets		-	1,374	-
Other asset in favor of the Shareholder		1,096,605	-	-
Other non-current assets		-	-	1,334,531
Interest receivable on loans issued		-	-	596,844
Dividends receivable		-	-	8,144,732
Related party securities		226,479	-	20,304,716
Other payables and accrued liabilities		-	-	164,261
Accounts receivable		-	2,936	-
Liability to shareholder		1,174,065	-	-
Borrowings		58,969,261	-	28,165,278

4 Settlements and transactions with related parties (Continued)

At 31 December 2016, the outstanding balances with related parties were as follows:

<i>In thousand of Kazakhstani Tenge</i>	Note	Shareholder	Companies under common control	Subsidiaries and JVs
Loans issued to subsidiaries		-	-	5,973,729
Accounts receivable		-	-	4,367
Other current assets		-	-	-
Other asset in favor of the Shareholder		1,096,559	-	1,211,193
Other non-current assets		-	-	448,274
Interest receivable on loans issued		-	-	2,436,470
Dividends receivable		-	-	43,547,389
Related party securities		223,491	-	234,388
Other payables and accrued liabilities		-	8,064	-
Liability to shareholder		1,174,065	-	-
Borrowings		58,381,852	-	-

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

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

The income and expense items with related parties for nine months ended 30 September 2016 were as follows:

<i>In thousand of Kazakhstani Tenge</i>	Shareholder	Companies under common control	Subsidiaries and affiliates
Dividend income	-	-	6,691,792
Finance income	9,719	234,294	8,540,692
Finance costs	3,776,000	-	5,550,069
General and administrative expenses	-	69,166	153,470
Foreign exchange gains/(losses)- net	-	(97,399)	50,150

Key executive staff remuneration for nine months ended 30 September 2017 including salaries, bonuses and other short-term benefits to employees is Tenge 265,245 thousands (for the period ended 30 September 2016: Tenge 93,855 thousands). Key executive staff at 30 September 2017 consists of 10 persons (as at 30.09.2016: 7 persons).

5 Investments in subsidiaries and joint ventures

The information on the value of investments as of 30 September 2017 is presented below:

	Date of acquisition	Country of registration	Carrying amount of investments at 30 September 2017, in thousands of tenge	Ownership percentage at 30 September 2017
Note				
<i>a) Investments in subsidiaries</i>				
Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP	31.10.2012	Kazakhstan	338,272,063	100%
"Alatau Zharyk Company" JSC	29.07.2009	Kazakhstan	52,531,791	83,37%
"Almaty Power Plants" JSC	26.07.2011	Kazakhstan	30,212,480	100%
"Moynak HPP" JSC	04.01.2008	Kazakhstan	21,864,616	100%
"First Wind Power Plant" LLP	28.05.2015	Kazakhstan	8,834,142	99,99%
"Samruk-Green Energy" LLP	13.06.2012	Kazakhstan	2,739,386	100%
"Shardarinsk HPP" JSC	03.06.2011	Kazakhstan	2,275,999	100%
"Ereymenau Wind Power" LLP	28.05.2015	Kazakhstan	1,468,224	100%
"Shulbinsk HPP" JSC	04.01.2008	Kazakhstan	1,230,658	92,14%
"Bukhtarminsk HPP" JSC	04.01.2008	Kazakhstan	1,050,790	90%
"Ust-Kamenogorsk HPP" JSC	04.01.2008	Kazakhstan	465,019	89,99%
"Kazhydrotechenergo" LLP	31.03.2014	Kazakhstan	222,506	100%
"AlmatyEnergoSbyt" LLP	26.07.2011	Kazakhstan	136,003	100%
"Energy Solutions Center" LLP	16.03.2016	Kazakhstan	52,998	100%
"Energia Semirechya" LLP	28.05.2015	Kazakhstan	15,319	51%
<i>b) Investments in joint ventures</i>				
Forum Muider B.V.	23.12.2008	The Netherlands	41,759,543	50%
"Ekibastuz SDPP-2 Plant" JSC	04.01.2008	Kazakhstan	8,725,133	50%
<i>c) Investments in associated companies</i>				
"Balkhash TPP" JSC	24.06.2008	Kazakhstan	32,085,280	49,99%
<i>Less:</i>				
Investments impairment			(7,834,480)	
Total investments			536,107,470	

5 Investments in subsidiaries and joint ventures (Continued)

The information on the value of investments as of 31 December 2016 is presented below:

Note	Date of acquisition	Country of registration	Carrying amount of investments at 31 December 2016, in thousands of tenge	Ownership percentage at 31 December 2016
<i>a) Investments in subsidiaries</i>				
			338,272,063	100%
Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP	31.10.2012	Kazakhstan	51,208,403	100%
"Alatau Zharyk Company" JSC	29.07.2009	Kazakhstan	30,212,480	100%
"Almaty Power Plants" JSC	26.07.2011	Kazakhstan	21,864,616	100%
"Moynak HPP" JSC	04.01.2008	Kazakhstan	8,809,618	100%
"First Wind Power Plant" LLP	28.05.2015	Kazakhstan	2,739,234	100%
"Samruk-Green Energy" LLP	13.06.2012	Kazakhstan	1,230,658	92%
"Shulbinsk HPP" JSC	04.01.2008	Kazakhstan	1,299,616	100%
"Ereymenau Wind Power" LLP	28.05.2015	Kazakhstan	1,050,790	90%
"Bukhtarminsk HPP" JSC	04.01.2008	Kazakhstan	1,109,544	100%
"Shardarinsk HPP" JSC	03.06.2011	Kazakhstan	465,019	90%
"Ust-Kamenogorsk HPP" JSC	04.01.2008	Kazakhstan	222,506	100%
"Kazhydrotechenergo" LLP	31.03.2014	Kazakhstan	136,003	100%
"AlmatyEnergoSbyt" LLP	26.07.2011	Kazakhstan		
"Energy Solutions Center" LLP (previously "Kapshagay HPP" LLP)	16.03.2016		53,150	100%
"Energiya Semirechya" LLP	28.05.2015	Kazakhstan	15,319	51%
<i>b) Investments in joint-ventures</i>				
		The Netherlands	41,759,543	50%
Forum Muider B.V.	23.12.2008		8,725,133	50%
"Ekibastuz SDPP-2 Plant" JSC	04.01.2008	Kazakhstan		
<i>c) Investments in associated companies</i>				
"Balkhash TPP" JSC	24.06.2008	Kazakhstan	32,085,280	49.99%
<i>Less:</i>			(7,834,480)	
Investments impairment				
Total investments			533,424,495	

During nine months the Company conducted disbursements of "Alatau Zharyk Company" JSC for a total of 1,323,388 thousand KZT for financing the project "Transfer of the load from "Gorny Gigant" substation to "Yermensay" substation under the agreement for purchase and sale of "Alatau Zharyk Company" JSC shares No. KP-76 dated July 27, 2016. Based on the results of disbursements, the Company's ownership rights for "Alatau Zharyk Company" JSC 2,544,978 shares were registered.

During nine months of 2017, the Company invested Tenge 168,608 thousands in "Ereymenau Wind Power" LLP to replenish the working capital.

During nine months of 2017, the Company increased the cost of investments in "Sharadrinsk HPP" JSC by Tenge 1,166,455 thousand, which corresponds to the fair value of guarantees issued in respect of the loans received by "Shardarinsk HPP" JSC (note 13).

6 Assets held for sale

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 September 2017, the Company's investments in "East Kazakhstan Distribution Power Grid Company" (hereinafter - EKDPGC), Mangistau Distribution Power Grid Company (hereinafter - MDPGC), "Aktobe CHP" JSC, "Tegis Munay" LLP were included in long-term assets held for sale.

During nine months of 2017, the Company hold open tender for sale of assets of MDPGC and EKDPGC and entered into agreement for sale and purchase of MDPGC and EKDPGC shares with winners of the tender on conditions of transfer of title to shares after payment of advance by buyers and fulfillment of precedent conditions. As of September 30, 2017, the title to shares has not been transferred. The selling price of shares exceeds the cost of the Company's investments in MDPGC, EKDPGC, accordingly there is no devaluation of investments in these companies.

6 Assets held for sale (Continued)

<i>In thousands of Kazakhstani Tenge</i>	30 September 2017	31 December 2016
Investments in "Tegis Munay" LLP	15,729,295	15,496,517
Investments in "EKDPGC" JSC	7,723,741	7,723,741
Investments in "Aktobe CHP" JSC	7,176,726	7,176,726
Investments in "MDPGC" JSC	785,296	785,296
Total assets held for sale	31,415,058	31,182,280

During nine months of 2017, the Company invested Tenge 232,778 thousands in "Tegis Munay" LLP to replenish the working capital of the subsidiary.

7 Loans issued

<i>In thousand of Kazakhstani Tenge</i>	30 September 2017	31 December 2016
<i>Non-current portion</i>		
"Almaty Power Plants" JSC bonds	5,385,496	24,329,000
"Alatau Zharyk Company" JSC bonds	4,463,486	4,463,486
Loan issued to "Alatau Zharyk Company" JSC	3,908,617	3,691,503
Loan issued to "First Wind Power Plant" JSC (FWPP)	1,506,724	1,651,325
"MDPGC" JSC bonds	1,203,132	1,198,337
Interest accrued on "FWPP" LLP loan	570,555	378,585
Total loans issued – non-current portion	17,038,010	35,712,236
<i>Current portion</i>		
"Alatau Zharyk Company" JSC bonds	2,543,515	10,043,515
"Almaty Power Plants" JSC bonds	6,301,500	2,745,000
Interest accrued on bonds	414,066	771,542
Loan issued to "Energiya Semirechia" LLP	450,901	450,901
Bonds of "Samruk-Kazyna" SWF" JSC	220,000	220,000
Loan issued to "Aktobe CHP" JSC	90,000	180,000
Interest accrued on loans issued	26,289	69,689
Financial aid provided to "Ust-Kamenogorsk HPP" JSC	30,390	30,390
Loans issued to "Zhambyl SDPP named after T.I.Baturov" JSC	5,442	5,442
<i>Less impairment</i>	<i>(35,832)</i>	<i>(5,442)</i>
Total loans issued – current portion	10,046,271	14,511,037

Bonds purchased from "Almaty Power Plants" JSC

During nine months of 2017, "Almaty Power Plants" JSC redeemed the bonds of the third, fifth, sixth, eleventh and twelfth issues in the amount of 86,231,000 pieces at an indexed face value of Tenge 15,262,887 thousands. Additionally, during nine months of 2017, the Company recognized loss from indexation of "Almaty Power Plants" JSC bonds in the amount of Tenge 124,117 thousands.

Bonds purchased from "Alatau Zharyk Company" JSC

During nine months of 2017, "Alatau Zharyk Company" JSC redeemed bonds in the amount of 7,500,000 pieces at a face value of Tenge 7,500,000 thousand tenge.

8 Other non-current assets

<i>In thousand of Kazakhstani Tenge</i>	30 September 2017	31 December 2016
Debt under provided financial guarantee of "First Wind Power Plant" LLP	1,334,531	1,211,193
Other non-current assets	113,067	105,525
Advances paid for non-current assets	-	2,200,000
Total other non-current assets	1,447,598	3,516,718

In 2014 the Company entered into a contract for the purchase of a real estate with LLP "EXPO Village". In April 2017 the Company entered into an agreement with LLP "EXPO Village" on the termination of the contract for the purchase of the real estate (construction of an office building) on the terms of repayment of previously paid advances until 31 December 2017 due to supplier's failure to fulfil the obligations to complete work on time until 31 January 2017. As of 30 September 2017 the amount of the advance paid in the amount of Tenge 2,200,000 thousand was reclassified to other current financial assets.

9 Other current assets

<i>In thousand of Kazakhstani tenge</i>	30 September 2017	31 December 2016
Short-term deposits	21,812,411	27,394,854
Dividends receivable	9,736,328	2,436,471
Other indebtedness of «EXPO Village» LLP	2,256,537	-
Other financial current assets	33,805,276	29,831,325
Assets held for the benefit of the Shareholder	1,096,605	1,096,559
Advances paid	438,827	241,719
Other taxes prepaid	70,380	634
Receivables from employees	116,369	66,144
Assets held for the benefit of the Shareholder	19,393	54,129
Other	2,928	9,600
Less: allowance for impairment	(550,000)	-
Total other current assets	34,999,778	31,300,110

In June 2017, the Company filed claim statement to the Specialized Inter-District Economic Court of Astana city on collection of "EXPO Village" LLP debts. The Company accrued a reserve for doubtful debts of "EXPO Village" LLP in the amount of Tenge 550,000 thousands.

10 Cash and cash equivalents

Cash and cash equivalents

<i>In thousand of Kazakhstani tenge</i>	30 September 2017	31 December 2016
Cash on bank accounts – USD	99,892,282	876,408
Cash on fixed-term deposits up to 3 months – KZT	1,950,000	3,800,000
Cash on bank accounts – KZT	76,478	105,821
Cash on bank accounts – EUR	3,756	27,593
Cash on bank accounts – RUB	-	2
Cash on hand	2,005	2,652
Total cash and cash equivalents	101,924,521	4,812,476

11 Share capital

	Issue date	Number of authorized and issued shares	Value, KZT	Share capital, 000' KZT
Paid-in capital at 1 January 2016		5,585,723		355,650,405
15-th issue of shares	1 April 2016	10,964	1,000,044	10,964,483
16-th issue of shares	14 July 2016	2,239	1,340,000	3,000,260
17-th issue of shares	23 August 2016	2,761	1,340,000	3,699,740
Paid-in capital at 31 December 2016		5,601,687		373,314,888
Paid-in capital at 30 September 2017		5,601,687		373,314,888

At 30 September 2017, 5,601,687 issued ordinary shares were fully paid (as of 01.01.2017: 5,601,687 shares). Each ordinary share gives a right of one vote. The Company does not have preference shares.

On 25 May 2017 the Company declared dividends of Tenge 4,704,895 thousands (2016: Tenge 2,041,000 thousands). Dividends were paid on July 25, 2017.

12 Borrowings

		30 September 2017	31 December 2016
<i>In thousand of Kazakhstani tenge</i>			
Non-current portion			
Borrowings from Samruk-Kazyna		56,238,262	55,764,655
Long-term bank loans		53,257,000	10,670,000
Bonds issued		47,917,597	-
Total borrowings – non-current portion		157,412,859	66,434,655
Current portion			
Eurobonds		143,278,365	166,560,927
Borrowings from Samruk-Kazyna		2,381,109	2,381,109
Interest accrued – borrowings from Samruk-Kazyna		349,890	236,088
Interest accrued – bank loans		362,717	214,708
Interest accrued – bonds		1,950,199	190,946
Short-term bank loans		4,000,000	1,248,900
Total current part		152,322,280	170,832,678
Total borrowings		309,735,139	237,267,333
<i>In thousand of Kazakhstani tenge</i>			
	Effective interest rate, %	30 September 2017	31 December 2016
Eurobonds	3.85% per annum	144,788,842	166,751,873
Bonds	12.92% per annum	48,357,319	-
Samruk-Kazyna	12.8% per annum	58,969,261	58,381,852
Kazkommertsbank	12.7% per annum	10,180,000	10,180,000
Sberbank	13% per annum	7,687,495	1,953,608
Halyk Bank	14.2% per annum	39,752,222	-
Total Samruk-Energy		309,735,139	237,267,333

12 Borrowings (Continued)

Samruk-Kazyna

On March 17, 2010, the Company signed a loan agreement with Samruk-Kazyna for KZT 48,200,000 thousand for debt refinancing as a result of acquisition of a 50% interest in Forum Muider. The loan was issued at the interest rate of 1.2% per annum with maturity not later than September 15, 2029. The principal is repayable by equal annual installments, and interest is paid by semi-annual installments, starting from the next reporting year after the loan is received.

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

On January 16, 2014, the Company signed a loan agreement with Samruk-Kazyna for KZT 200,000,000 thousand for acquisition of the remaining interest in ESDPP-1. The principal is repayable on December 1, 2028, and interest is paid by semi-annual installments at the rate of 7.8%. Initially the interest rate was 7.8%, as of the date of the loan receipt, the market rate was 9.5% per annum.

On 3 October 2014, the loan agreement was changed significantly, according to addendum to the loan agreement #369, as follows: Principal of KZT 100,000,000 thousand was converted into shares of the Company, interest rate on the remaining principal was increased to 9% per annum, which approximates the market interest rate.

On December 25, 2015 the Company signed supplementary agreement to Loan agreement #369 on reducing of interest rate up to 1% per annum with Samruk-Kazyna. Management believes that such a change in the conditions of the loan should be considered as a repayment of the original loan and recognition of a new loan at a fair value.

The market rate at the date of the loan receipt was 12.8% per annum. The Company recognized income from initial recognition of the loan of KZT 72,581,903 thousand, less the effect of income tax, within other capital, since management believes that when issuing a loan at the rate lower than the market one Samruk-Kazyna acted as a shareholder of the Company.

Profit from initial recognition of the loan received was recorded as a difference between the nominal value of the loan received and its fair value at the date of recognition, calculated using the discounted cash flow method and effective interest rate of 12.8% per annum.

Bank loans

"Kazkommertsbank" JSC

A 10,000,000 thousand tenge loan with a term of 5 years was obtained from "Kazkommertsbank" JSC during 2015 with the purpose to replenish the working capital as part of an agreement on opening a credit line #1610 dated 21 October 2015 with Kazkommertsbank JSC at a rate of 12%.

"Sberbank of Russia" SB JSC

During nine months of 2017, in accordance with the Loan Agreement with SB Sberbank of Russia, the Company received a loan in the amount of KZT 6,907,000 thousand for a period of 2 years at a rate of 13% per annum.

In June 2017, the Company repaid a short-term loan received in SB Sberbank of Russia in the amount of 230 million Russian rubles, which is equivalent to KZT 1,271,900 thousand.

"Halyk Bank" JSC

In September 2017, in accordance with the Loan Agreement with Halyk Bank, the Company received a loan in the amount of 40,000,000,000 (forty billion) tenge for a period of 5 years at a rate of 13% per annum.

International coupon bonds(Eurobonds)

Based on the decision of the board of directors dated 7 September 2012 and 6 December 2012 the following parameters of the first emission of Eurobonds were approved: Volume of emission – USD 500,000,000; Form of emission – as per Provision S; Notes payable in 5 years.

12 Borrowings (Continued)

The coupon interest rate was set at 3.75% per annum (effective rate of 3.85%). The number and form of issued bonds: 500,000 (five thousand) unsecured bonds. The nominal value of one bond is USD 1,000 (one thousand). The emission was registered on the Ireland's stock exchange on 20 December 2012 under number ISIN-XS0868359166. On 19 December 2012, the Kazakhstan stock exchange included Samruk-Kazyna JSC into the official register under category of "debt securities with rating score" under number ISIN-XS0868359166. The Company issued and placed the full amount of Eurobonds in the amount of USD 500,000 thousand.

As at 31 December 2016, Eurobonds were classified as short-term loans, as the maturity of the bonds is December 2017.

In September 2017, the Company partially repaid Eurobonds in the amount of USD 80 million. Taking into account the redemption, the amount of international coupon bonds due on the scheduled maturity date being December 20, 2017 is USD 420 million.

Bonds

On July 13, 2017, "Samruk-Energy" JSC Board of Directors decided to approve the prospectus of the first bond program in the amount of 100,000,000,000 (one hundred billion) tenge, as well as to set the terms of the first bond issue in the amount of KZT 20,000,000,000 (twenty billion) with a 5-year circulation term, a semi-annual coupon with a 13% interest rate and a second bond issue worth KZT28,000,000,000 (twenty-eight billion), with 5-year maturity, a quarterly coupon with a 12.5% interest rate.

On August 3, 2017, the National Bank of the Republic of Kazakhstan registered prospectuses of the first bond program, prospectuses of the first and second bond issues within the bond program with the assignment of the relevant national identification numbers (NIN) and inclusion of securities into the state register.

On August 21, 2017, Kazakhstan Stock Exchange JSC included the first and second bond issues in the official list of the stock exchange under the category "Bonds" of "Debt securities" sector of the "Basic" trading venue.

On September 29, 2017 the Company conducted the full placement of the first and second bond issues.

13 Financial guarantees

At 30 September 2017, the Company has guarantees issued for the loans received by "First Wind Power Plant" LLP and "Shardarinsk HPP" JSC. The fair value of guarantees on initial recognition was determined as the sum resulting from applying an interest rate to the guaranteed amount, representing a difference between the interest rate at which the borrower received the loan guaranteed by the Company and the interest rate, which would be applied if the Company did not issue the guarantee. The cost of the guarantee is regarded as an investment in a subsidiary.

In thousand of Kazakhstani tenge	Amount of guaranteed liabilities		Guarantee term		Valuation rate under guarantee
	30 September 2017	31 December 2016	Guarantee issue date	term	
Company					
"FWPP" LLP	11,711,433	13,174,957	29 April 2013	29 April 2024	1%
"Shardarinsk HPP" JSC	12,950,000	11,450,000	2 December 2015	2 December 2023	3%
Total	25,661,433	24,624,957			

14 Other payables and accrued liabilities

In thousand of Kazakhstani tenge	30 September 2017	31 December 2016
Guarantee obligation for tender participation	218,476	158,820
Payables to suppliers and contractors	534,793	234,230
Other payables	475,093	514,748
Advanced received	2,580,000	-
Total financial payables	3,808,362	907,798

15 Obligation to the Shareholder

On behalf of the Shareholder, the Company made a commitment for the construction of a kindergarten in Astana for the amount of Tenge 1,174,065 thousands. The Company recognized an obligation for the estimated amount of construction for amount of Tenge 1,174,065 thousands as other distributions to shareholder. As at 30 September 2017, the Company incurred expenses associated with the construction of a kindergarten of Tenge 1,096,559 thousands. These actually incurred expenses are recorded as current assets held for the benefit of the Shareholder, as it is expected that these assets will be transferred to the Shareholder during second half-year 2017 through distribution of income in favor of the Shareholder pursuant to its decision.

SAMRUK-ENERGY JSC
Notes to Condensed Separate Interim Statement – 30 September 2017

16 Dividend income

	9 months ended 30 September 2017	9 months ended 30 September 2016	3 months ended 30 September 2017	3 months ended 30 September 2016
<i>In thousand of Kazakhstani tenge</i>				
"Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP	9,599,000	2,200,000	-	-
Forum Muider B.V	6,074,884	3,258,886	3,540,663	1,438,014
"Bukhtarminsk HPP" JSC	2,577,011	2,420,599	1,225,542	1,326,154
Almaty Power Plants" JSC	889,056	-	-	-
"Alatau Zharyk Company" JSC	557,880	78,721	-	-
"Aktobe CHP" JSC	396,619	104,162	-	-
"MDPGC" JSC	207,231	90,608	-	90,608
"AlmatyEnergoSbyt" LLP	128,505	-	-	-
"Shardarinsk HPP" JSC	64,229	36,458	-	-
"Karagandagiproshakht and K" LLP	-	2,358	-	-
"Ekibastuz SDPP-2 Plant" JSC	-	(1,500,000)	-	-
Total dividend income	20,494,415	6,691,792	4,766,205	2,854,776

17 General and administrative expenses

	9 months ended 30 September 2017	9 months ended 30 September 2016	3 months ended 30 September 2017	3 months ended 30 September 2016
<i>In thousand of Kazakhstani tenge</i>				
Salaries and related costs	1,567,731	1,705,798	341,333	537,363
Reserve for doubtful debts	550,052	-	-	-
Consulting and other services	864,899	1,031,725	359,153	114,134
Depreciation of fixed assets and amortization of intangible assets	239,329	263,786	73,867	88,282
Rent expenses	248,123	256,117	84,239	82,331
Taxes	186,856	156,013	27,141	31,925
Business trip expenses	58,918	86,226	18,433	41,674
Membership fees	66,548	140,531	66,548	140,531
Staff training and related expenses	56,619	64,044	25,043	40,262
Insurance	26,954	30,999	9,791	10,543
Communication costs	25,512	24,910	8,981	8,223
Other services of third parties	712,519	141,524	304,625	6,936
Other	196,805	259,068	7,346	38,179
Total general and administrative expenses	4,800,865	4,160,741	1,326,500	1,140,383

18 Finance income

	9 months ended 30 September 2017	9 months ended 30 September 2016	3 months ended 30 September 2017	3 months ended 30 September 2016
<i>In thousand of Kazakhstani tenge</i>				
Interest income on bonds	2,154,044	7,539,047	603,032	2,115,514
Interest income on bank deposits	804,553	1,036,317	282,597	285,363
Interest income on loans issued	296,970	764,024	98,990	291,258
Amortization of discount of present value on loans and financial aid	221,909	213,388	82,254	66,179
Other	808,265	386,096	229,319	98,134
Total finance costs	4,285,741	9,938,872	1,296,192	2,856,448

19 Finance costs

	9 months ended 30 September 2017	9 months ended 30 September 2016	3 months ended 30 September 2017	3 months ended 30 September 2016
<i>In thousand of Kazakhstani tenge</i>				
Interest expenses on bonds	4,950,582	4,827,484	1,983,629	1,605,953
Amortization of discount of present value on loans and financial aid	2,918,996	2,668,405	1,109,191	631,143
Interest expense on borrowings	2,606,448	2,420,220	971,364	711,269
Loss from indexation of bonds issued to subsidiaries	124,117	5,551,861	-859,883	1,606,291
	483,416	-	186,264	-
Other				
Total finance income	11,083,559	15,467,970	3,390,565	4,554,656

20 Income tax

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

21 Contingencies and Commitments and Operating Risks

As at 30 September 2017, there were no contingent and contractual liabilities and operating risks, other than those disclosed in the separate financial statements for the year ended 31 December 2016.

22 Fair value of financial instruments

Fair value measurement

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

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

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

Financial assets carried at amortized value

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received, discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Due to short maturities, carrying amounts of financial receivables, cash and cash equivalents and other financial current assets approximate their fair values.

22 Fair value of financial instruments (Continued)

Financial liabilities carried at amortized value

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

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

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:

<i>In thousand of Kazakhstani tenge</i>	30 September 2017				31 December 2016			
	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Carrying value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Carrying value
Assets								
Cash and cash equivalents	-	-	101,924,521	101,924,521	-	-	4,812,476	4,812,476
Deposits with fixed terms	-	-	21,812,411	21,812,411	-	-	27,394,854	27,394,854
Financial receivables	-	-	-	-	-	-	-	-
Dividends receivable	-	-	9,736,328	9,736,328	-	-	2,436,471	2,436,471
Loans issued	226,479	-	26,857,802	27,084,281	212,098	-	50,003,373	50,223,373
Total financial assets	226,479	-	160,331,062	160,557,541	212,098	-	84,647,173	84,867,173
Liabilities								
Loans	191,563,358	-	100,278,334	309,735,139	167,789,851	-	65,786,858	237,267,334
Financial receivables	-	-	1,287,594	1,287,594	-	-	907,796	907,796
Financial guarantees issued	-	-	2,325,638	2,325,638	-	-	1,432,273	1,432,273
Total financial liabilities	191,563,358	-	103,891,566	313,348,371	167,789,851	-	68,126,927	239,607,403

23 Events after the reporting date

On October 3, 2017, within "Samruk-Kazyna" JSC bonds (KZP01Y07D853) acquired by the Company, the Company redeemed securities due to the expiry of their circulation period in the amount of KZT 220,000,000 million, and also received coupon interest amounting to KZT 6,479,000.


On October 16, 2017 and October 19, 2017 within the open revolving credit line at "Sberbank" SB JSC dated 16.06.2016, the Company fully repaid loans ahead of schedule for a total amount of 7,557,000 thousand tenge. Taking into account the redemption, the available limit on the revolving credit line is KZT 12,000,000,000 (twelve billion).

On October 18, 2017, the Company registered the transfer of Shares of "Mangistau Distribution Power Grid Company" JSC in the amount of 790,234 (seven hundred ninety thousand two hundred and thirty-four) to the ownership of "Kazakhstan Utility Systems" LLP and 790,233 (seven hundred ninety thousand two hundred and thirty three) shares to the ownership of "KBI Energy" LLP in accordance with the purchase and sale agreement No. KP 107 dated September 20, 2017. The total value of the sale of shares of "Mangistau Distribution Power Grid Company" JSC was amounted to 8 642 222 000 (eight billion six hundred and forty two million two hundred and twenty-two thousand) tenge.


On October 18, 2017 "Almaty Power Plants" JSC redeemed the fourth, ninth and tenth issues of indexed bonds. The Company, as the sole holder of "APP" JSC bonds, received an amount of KZT 9 607 239 000, which includes the amount of bonds and coupon interest accrued on the date of redemption.

On October 23, 2017, the Company repurchased shares of "AZhC" JSC in the amount of 36 806 shares at a face value of 520 tenge per share for the amount of 19 139 120 tenge under the purchase and sale agreement No. KP-76 dated 27.07.2016.

On October 31, the Company signed an additional agreement with "EXPO Village" LLP on the return of the previously paid advance and penalties in the amount of KZT 2, 200, 000 thousand and KZT 46,206 thousand, respectively, no later than November 1, 2017. Crediting of funds was made in favor of "Samruk-Energy" JSC within deadlines specified in the agreement.



Maxutov Kairat Berikovich
Managing Director for Economy and Finance
- Member of the Management Board



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