



Condensed Separate Interim Financial Statement (unaudited)

30 June 2017

Content

INDEPENDENT AUDITOR'S REPORT

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Report on Review of Condensed Separate Interim Financial Statements

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

Introduction

We have reviewed the accompanying condensed separate interim statement of financial position of JSC Samruk-Energy (the "Company") as at 30 June 2017 and the related condensed separate interim statement of profit and loss and other comprehensive income for the three-month and six-month period then ended, condensed separate 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 separate interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed separate 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 separate interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter

We draw attention to Note 3 in the condensed separate interim financial statements, which indicates the uncertainty over the outcome of the ongoing negotiations with the Company's partner in the "Balkhash Thermal Power Plant" project and, accordingly, the prospects for the implementation of this project. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers LLP

7 August 2017

Almaty, Kazakhstan

SAMRUK-ENERGY JSC
Condensed Separate Interim Statement of Financial Position

<i>In thousands of Kazakhstani Tenge</i>	Note	30 June 2017 (unaudited)	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment		376,484	620,644
Intangible assets		1,179,854	1,014,924
Investments in subsidiaries and jointly controlled entities	5	536,057,626	533,424,495
Loans issued	7	29,195,244	35,712,236
Other non-current assets	8	1,402,802	3,516,718
Total non-current assets		568,212,010	574,289,017
Current assets			
Inventories		23,647	22,397
Loans issued	7	17,961,350	14,511,037
Other current assets	9	38,660,693	31,300,110
Cash and cash equivalents	10	9,270,736	4,812,476
Total current assets		97,258,983	81,828,300
TOTAL ASSETS		665,470,993	656,117,317
EQUITY			
Share capital	11	373,314,888	373,314,888
Other reserves		91,668,501	91,668,501
Retained earnings (retained loss)		(42,378,097)	(49,725,062)
TOTAL EQUITY		422,605,292	415,258,327
LIABILITIES			
Non-current liabilities			
Borrowings	12	69,226,859	66,434,655
Long-term financial guarantee	13	2,388,385	1,432,273
Total non-current liabilities		71,615,244	67,866,928
Current liabilities			
borrowings	12	164,090,637	170,832,678
Other payables and accrued liabilities	14	5,885,156	907,798
Liabilities to the Shareholder	15	1,174,065	1,174,065
Other taxes payable		100,599	77,521
Total current liabilities		171,250,457	172,992,062
TOTAL LIABILITIES		242,865,701	240,858,990
TOTAL LIABILITIES AND EQUITY		665,470,993	656,117,317

Signed on behalf of management on August 7, 2017

Moldabayev Kanyshtan Tamergenovich
 Managing Director for Strategy and Sales



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>		6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)
Dividend income	16	15,728,210	3,837,016	14,219,876	2,456,785
Other income		122,361	3,654	119,876	3,088
Other expenses		(52,751)	(138,747)	(52,751)	(132,347)
General and administrative expenses	17	(3,474,365)	(3,020,358)	(2,105,386)	(1,685,278)
Profit from main activity		12,323,455	681,565	12,181,615	642,248
Finance income	18	2,989,549	7,082,424	1,258,529	2,581,526
Finance costs	19	(7,692,994)	(10,913,314)	(2,576,119)	(4,901,614)
Gains/(loss) from exchange rate differences		4,511,992	717,966	(3,426,361)	1,931,743
Profit/(loss) before income tax		12,132,002	(2,431,359)	7,437,664	253,903
Income tax expense	20	(80,142)	(155,146)	(43,729)	(80,177)
Profit/(loss) for the period		12,051,860	(2,586,505)	7,393,935	173,726
Total comprehensive income/(loss) for the period		12,051,860	(2,586,505)	7,393,935	173,726

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)		-	-	(2,586,505)	(2,586,505)
Total comprehensive loss for the period (unaudited)		-	-	(2,586,505)	(2,586,505)
Increase in share capital		10,964,483	-	-	10,964,483
Dividends accrued		-	-	(2,041,000)	(2,041,000)
Balance as at 30 June 2016 (unaudited)		366,614,888	91,668,501	(44,568,263)	413,715,126
Balance at 1 January 2017		373,314,888	91,668,501	(49,725,062)	415,258,327
Profit for the period (unaudited)		-	-	12,051,860	12,051,860
Total comprehensive profit for the period (unaudited)		-	-	12,051,860	12,051,860
Dividends accrued		-	-	(4,704,895)	(4,704,895)
Balance at 30 June 2017 (unaudited)		373,314,888	91,668,501	(42,378,097)	422,605,292

SAMRUK-ENERGY JSC
Condensed Separate Interim Statement of Cash Flows

<i>In thousands of Kazakhstani Tenge</i>	Note	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
Cash flows from operating activities:			
Profit/(loss) before income tax		12,132,002	(2,431,359)
Adjustments for:			
Dividend income	16	(15,728,210)	(3,837,016)
Depreciation and amortisation		165,462	175,504
Finance costs	19	7,692,994	10,913,314
Finance income	18	(2,989,549)	(7,082,424)
Foreign exchange gain		(4,511,992)	(717,966)
Impairment of assets		46,040	131,302
Operating cash flows before working capital changes:		(3,193,253)	(2,848,645)
Decrease / (increase) in inventories		(1,250)	10,761
Decrease in accounts receivable and other current assets		677,124	28,613
Increase in accounts payable		362,796	496,771
Increase / (decrease) in other taxes payable		26,300	(80,633)
Cash used in operating activities		(2,128,283)	(2,393,133)
Income tax paid		(80,141)	(155,146)
Dividends received		5,876,637	3,587,170
Interest paid		(4,578,664)	(5,457,693)
Net cash used in operating activities		(910,451)	(4,418,802)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(111,847)	(123,852)
Acquisition of shares of associated organizations		-	(12,483,260)
Proceeds from sale of shares of associated organization		-	2,194,110
Borrowings and financial aid provided to subsidiaries and jointly controlled entities		(100,160)	(3,513,009)
Contribution to equity of subsidiaries		(1,602,581)	(482,161)
Withdrawal of bank deposits, net		3,567,638	12,250,258
Interest received		1,661,230	2,398,510
Proceeds from repayment of financial aid provided to subsidiaries and jointly controlled entities		90,000	470,996
Proceeds from repayment of financial instruments		2,565,000	6,150,675
Net cash received from investing activities		6,069,280	6,862,267
Cash flows from financing activities:			
Proceeds from issue of shares		-	10,964,483
Proceeds from borrowings		3,402,000	-
Repayment of borrowings		(1,271,900)	(10,098,000)
Repayment of loans from Samruk-Kazyna		(2,381,109)	(2,381,109)
Others		(321,433)	(33,064)
Net cash flows from financing activities		(572,442)	(1,547,690)
Foreign exchange difference effect on cash and cash equivalents		(128,127)	330,260
Net decrease in cash and cash equivalents		4,458,260	1,226,035
Cash and cash equivalents at the beginning of the year	10	4,812,476	6,635,292
Cash and cash equivalents at the end of the reporting period	10	9,270,736	7,861,327

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 six months ended 30 June 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 June 2017 the exchange rate used for translation of foreign currency balances was 1 US Dollar = Tenge 322.27 (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 June 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 June 2017 current liabilities of the Company exceeded total current assets by Tenge 105,334.031 thousands (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 Tenge 161,274,000 thousands were classified as current liabilities as of 30 June 2017. In addition, as of 30 June 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 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 KZT 35,242,000 thousand to refinance the Eurobonds.
- The company expects more than Tenge 14,700,000 thousand from the sale of assets held for sale in 2017.
- The Company expects cash inflows in the form of dividends for the amount of Tenge 12,304,137 thousands.
- In the first half of 2017, Samruk-Energy received a decision to provide financing and term sheets of loans from the banks amounting to Tenge 40,000,000 thousand.
- In addition, management is considering a plan for partial restructuring of Eurobonds.
- Maturity of Eurobonds is in December 2017, management expects that sufficient funds will be accumulated throughout the period for repayment of Eurobonds in due course of time.
- 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)

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 31 December 2016, the Company conducted a test for impairment of investments in "Almaty Power Plants" 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 management has not identified any impairment indicators of non-financial assets of AZhK 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 AZhK and ALES operate.

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 attracted 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.

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.

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. Expected 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 EGRES-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.

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.

Exchange rates

As of 30 June 2017, the exchange rate for 1 US dollar was 321.46 Tenge. The weakening of the Tenge against the US dollar by 30% will lead to an increase in the cost of equipment of power unit #3 and, accordingly, to decrease the carrying value of ESDPP-2 property, plant and equipment by Tenge 44,887,784 thousand, and accordingly decrease the Company's investment in ESDPP-2 by Tenge 2,391,014 thousand.

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 June 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 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 JSC "Samruk-Energy" 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 fulfilled.

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

In order to organise 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 June 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 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" nor 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 June 2017 and 31 December 2016 is detailed below:

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

<i>In thousand Kazakhstani Tenge</i>	Note	Shareholder	Companies under common control	Subsidiaries and JVs
Loans issued to subsidiaries	7	-	-	5,957,407
Other current assets		-	501	-
Other asset in favor of the Shareholder	11	1,096,605	-	-
Other non-current assets	8	-	-	1,292,084
Interest receivable on loans issued	7	-	-	567,853
Dividends receivable	9	-	-	12,304,137
Related party securities	7	223,491	-	40,377,452
Other payables and accrued liabilities	14	4,704,895	3,385	119,798
Liability to shareholder	15	1,174,065	-	-
Borrowings	12	57,763,721	-	-

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	7	-	-	5,973,729
Other current assets		-	-	4,367
Other asset in favor of the Shareholder	11	1,096,559	-	-
Other non-current assets	8	-	-	1,211,193
Interest receivable on loans issued	7	-	-	448,274
Dividends receivable	9	-	-	2,436,470
Related party securities	7	223,491	-	43,547,389
Other payables and accrued liabilities	14	-	8,064	234,388
Liability to shareholder	15	1,174,065	-	-
Borrowings	14	58,381,852	-	-

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

<i>In thousand of Kazakhstani Tenge</i>	Shareholder	Companies under common control	Subsidiaries and JVs
Dividend income	-	-	15,728,210
Finance income	6,479	-	2,038,773
Finance costs	2,532,993	-	1,234,212
Costs of loans impairment	-	-	30,390
General and administrative expenses	-	22,646	225,416
Foreign exchange gains/(losses)-net	-	-	16,093

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

<i>In thousand of Kazakhstani Tenge</i>	Shareholder	Companies under common control	Subsidiaries and JVs
Dividend income	-	320,873	3,516,143
Finance income	6,479	156,352	6,054,991
Finance costs	2,776,020	-	3,945,569
General and administrative expenses	-	46,057	56,661
Foreign exchange losses	-	(4,816)	-

Key executive staff remuneration for six months ended 30 June 2017 including salaries, bonuses and other short-term benefits to employees is Tenge 243,578 thousands (for the period ended 30 June 2016: Tenge 59,714 thousands). Key executive staff at 30 June 2017 consists of 10 persons (as at 30 June 2016: 7 persons).

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

5 Investments in subsidiaries and joint ventures

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

Note	Date of acquisition	Country of registration	Carrying amount of investments at 30 June 2017, in thousands of tenge	Ownership percentage at 30 June 2017
<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	100%
"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	100%
«Samruk-Green Energy» LLP				
	13.06.2012	Kazakhstan	2,739,386	100%
"Shardarinsk HPP" JSC				
	03.06.2011	Kazakhstan	2,275,999	100%
"Ereymantau Wind Power" LLP				
	28.05.2015	Kazakhstan	1,418,380	100%
"Shulbinsk HPP" JSC				
	04.01.2008	Kazakhstan	1,230,658	92%
"Bukhtarminsk HPP" JSC				
	04.01.2008	Kazakhstan	1,050,790	90%
"Ust-Kamenogorsk HPP" JSC				
	04.01.2008	Kazakhstan	465,019	90%
"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			536,057,626	

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>				
Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP				
	31.10.2012	Kazakhstan	338,272,063	100%
"Alatau Zharyk Company" JSC				
	29.07.2009	Kazakhstan	51,208,403	100%
"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	8,809,618	100%
«Samruk-Green Energy» LLP				
	13.06.2012	Kazakhstan	2,739,234	100%
"Shulbinsk HPP" JSC				
	04.01.2008	Kazakhstan	1,230,658	92%
"Ereymtau Wind Power" LLP				
	28.05.2015	Kazakhstan	1,299,616	100%
"Bukhtarminsk HPP" JSC				
	04.01.2008	Kazakhstan	1,050,790	90%
"Shardarinsk HPP" JSC				
	03.06.2011	Kazakhstan	1,109,544	100%
"Ust-Kamenogorsk HPP" JSC				
	04.01.2008	Kazakhstan	465,019	90%
"Kazhyrotechenergo" LLP				
	31.03.2014	Kazakhstan	222,506	100%
"AlmatyEnergoSbyt" LLP				
	26.07.2011	Kazakhstan	136,003	100%
"Energy Solutions Center" LLP (previously "Kapshagay HPP" LLP)				
	16.03.2016	Kazakhstan	53,150	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			533,424,495	

During six months of 2017, the Company invested Tenge 118,764 thousands in "Ereymtau Wind Power" LLP to replenish the working capital.

During six 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 June 30, 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.

In the first half of 2017, the management of the Company published notices on the sale of assets of MDPGC and EKDPGC in the media and received bids for participation in an open tender for the sale of these assets. At the same time, the amount of bids exceeds the cost of the Company's investments in MDPGC and EKDPGC, accordingly there is no impairment of investments in these entities.

6 Assets held for sale (Continued)

<i>In thousands of Kazakhstani Tenge</i>	30 June 2017	31 December 2016
Investments in "Tegis Munay" LLP	15,656,794	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	31,342,557	31,182,280

During six months of 2017, the Company invested Tenge 160,277 thousands in "Tegis Munay" LLP to replenish the working capital of the subsidiary.

7 Loans issued

<i>In thousand of Kazakhstani Tenge</i>	30 June 2017	31 December 2016
<i>Non-current portion</i>		
"Almaty Power Plants" JSC bonds	17,577,000	24,329,000
"Alatau Zharyk Company" JSC bonds	4,463,486	4,463,486
Loan issued to "Alatau Zharyk Company" JSC	3,828,198	3,691,503
Loan issued to "First Wind Power Plant" JSC (FWPP)	1,618,698	1,651,325
"MDPGC" JSC bonds	1,201,298	1,198,337
Interest accrued on "FWPP" LLP loan	506,564	378,585
Total loans issued – non-current portion	29,195,244	35,712,236
<i>Current portion</i>		
"Alatau Zharyk Company" JSC bonds	10,043,515	10,043,515
"Almaty Power Plants" JSC bonds	5,948,000	2,745,000
Interest accrued on bonds	1,147,645	771,542
Loan issued to "Energia 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	61,289	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>	(35,832)	(5,442)
Total loans issued – current portion	17,961,350	14,511,037

Bonds purchased from "Almaty Power Plants" JSC

In April 2017, "Almaty Power Plants" JSC redeemed the bonds of the third issue in the amount of 15,000,000 pieces at an indexed face value of Tenge 2,565,000 thousands. Additionally, during six months of 2017, the Company recognized loss from indexation of "Almaty Power Plants" JSC bonds in the amount of Tenge 984,000 thousands.

8 Other non-current assets

<i>In thousand of Kazakhstani Tenge</i>	30 June 2017	31 December 2016
Debt under provided financial guarantee of "First Wind Power Plant" LLP	1,292,084	1,211,193
Other non-current assets	110,718	105,525
Advances paid for non-current assets	-	2,200,000
Total other non-current assets	1,402,802	3,516,718

8 Other non-current assets (Continued)

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 June 2017 the amount of the advance paid in the amount of Tenge 2,200,000 thousand was reclassified to other current assets.

9 Other current assets

<i>In thousand of Kazakhstani tenge</i>	30 June 2017	31 December 2016
Short-term deposits	23,029,630	27,394,854
Dividends receivable	12,304,137	2,436,471
Other indebtedness of «EXPO Village» LLP	2,256,537	-
Other financial current assets	37,590,304	29,831,325
Assets held for the benefit of the Shareholder	1,096,605	1,096,559
Advances paid	335,806	241,719
Other taxes prepaid	116,167	634
Receivables from employees	49,597	66,144
Assets held for the benefit of the Shareholder	19,850	54,129
Other	2,364	9,600
Less: allowance for impairment	(550,000)	-
Total other current assets	38,660,693	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 June 2017	31 December 2016
Cash on bank accounts – USD	8,066,755	876,408
Cash on fixed-term deposits up to 3 months – KZT	740,000	3,800,000
Cash on bank accounts – KZT	456,496	105,821
Cash on bank accounts – EUR	3,622	27,593
Cash on bank accounts – RUB	-	2
Cash on hand	3,863	2,652
Total cash and cash equivalents	9,270,736	4,812,476

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

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 June 2017		5,601,687		373,314,888

At 30 June 2017, 5,601,687 issued ordinary shares were fully paid (as of 01.01.2016: 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).

12 Borrowings

<i>In thousand of Kazakhstani tenge</i>	30 June 2017	31 December 2016
Non-current portion		
Borrowings from Samruk-Kazyna	55,154,859	55,764,655
Long-term bank loans	14,072,000	10,670,000
Total borrowings – non-current portion	69,226,859	66,434,655
Current portion		
Eurobonds	161,089,419	166,560,927
Borrowings from Samruk-Kazyna	2,381,109	2,381,109
Interest accrued – borrowings from Samruk-Kazyna	227,753	236,088
Interest accrued – bank loans	207,722	214,708
Interest accrued – Eurobonds	184,634	190,946
Short-term bank loans	-	1,248,900
Total current portion	164,090,637	170,832,678
Total loans	233,317,496	237,267,333

<i>In thousand of Kazakhstani tenge</i>	Effective interest rate,%	30 June 2017	31 December 2016
Eurobonds	3.85% per annum	161,274,053	166,751,873
Samruk-Kazyna	12.8% per annum	57,763,721	58,381,852
Kazcommercbank	12.7% per annum	10,180,000	10,180,000
Sberbank	13% per annum	4,099,722	1,953,608
Total borrowings		233,317,496	237,267,333

12 Borrowings (Continued)

Eurobonds

Due to the strengthening of the Tenge against the US dollar during six months ended 30 June 2017, Samruk-Energy JSC recognized the foreign exchange gain of Tenge 5,555,800 thousands on Eurobonds.

“Sberbank of Russia” JSC SB

In the first quarter of 2017, in accordance with the Loan Agreement with “Sberbank of Russia” JSC SB, the Company received a loan in the amount of Tenge 3,402,000 thousands for 2 years at a rate of 13% per annum.

In June 2017, the Company repaid a short-term loan received from “Sberbank of Russia” JSC SB in the amount of 230 million Russian rubles, which is equivalent to Tenge 1,271.900 thousands.

13 Financial guarantees

At 30 June 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.

<i>In thousand of Kazakhstani tenge</i>	Amount of guaranteed liabilities		Guarantee term		Valuation rate under guarantee
	30 June 2017	31 December 2016	Guarantee issue date	term	
Company					
“FWPP” LLP	12,195,745	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	25,145,745	24,624,957			

14 Other payables and accrued liabilities

<i>In thousand of Kazakhstani tenge</i>	30 June 2017	31 December 2016
Dividends payable to Shareholder	4,704,895	-
Guarantee obligation for tender participation	345,549	158,820
Payables to suppliers and contractors	193,833	234,230
Other payables	640,879	514,748
Total financial payables	5,885,156	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 June 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 June 2017

16 Dividend income

<i>In thousand of Kazakhstani tenge</i>	6 months ended 30 June 2017	6 months ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
“Ekibastuz SDPP-1 named after Bulat Nurzhanov” LLP	9,599,000	2,200,000	9,599,000	2,200,000
Forum Muider B.V	2,534,221	1,820,873	2,377,355	35,086
“Bukhtarminsk HPP” JSC	1,351,469	1,094,444	-	-
Almaty Power Plants” JSC	889,056	-	889,056	-
“Alatau Zharyk Company” JSC	557,880	78,721	557,880	78,721
“Aktobe CHP” JSC	396,619	104,162	396,619	104,162
“MDPGC” JSC	207,231	-	207,231	-
“AlmatyEnergoSbyt” LLP	128,505	-	128,505	-
“Shardarinsk HPP” JSC	64,229	34,458	64,229	34,458
“Karagandagiproshakht and K” LLP	-	2,358	-	2,358
“Ekibastuz SDPP-2 Plant” JSC	-	(1,500,000)	-	-
Total dividend income	15,728,210	3,837,016	14,219,875	2,456,785

17 General and administrative expenses

<i>In thousand of Kazakhstani tenge</i>	6 months ended 30 June 2017	6 months ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
Salaries and related costs	1,226,398	1,228,028	645,880	572,667
Reserve for doubtful debts	550,052	-	550,052	-
Consulting and other services	505,746	917,591	190,059	721,187
Depreciation of fixed assets and amortization of intangible assets	165,462	175,504	84,427	89,934
Rent expenses	163,883	173,786	82,401	85,407
Taxes	159,715	124,088	53,340	44,495
Business trip expenses	40,485	47,806	27,489	24,640
Membership fees	38,135	140,531	25,304	-
Staff training and related expenses	31,576	23,627	25,424	13,667
Insurance	17,163	20,456	7,652	9,406
Communication costs	16,531	18,152	9,302	9,092
Other	559,219	150,789	404,107	114,783
Total general and administrative expenses	3,474,365	3,020,358	2,105,386	1,685,278

18 Finance income

<i>In thousand of Kazakhstani tenge</i>	6 months ended 30 June 2017	6 months ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
Interest income on bonds	1,551,012	5,423,533	771,806	1,800,409
Interest income on bank deposits	521,956	750,954	301,854	325,580
Interest income on loans issued	197,980	472,766	98,990	281,392
Amortization of discount of present value on loans and financial aid	139,655	147,209	81,582	78,533
Other	578,946	287,962	4,297	95,612
Other finance income	2,989,549	7,082,424	1,258,529	2,581,526

19 Finance costs

<i>In thousand of Kazakhstani tenge</i>	6 months ended 30 June 2017	6 months ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
Interest expenses on bonds	2,966,953	3,221,531	1,481,437	1,565,875
Amortization of discount of present value on loans and financial aid	1,809,805	2,037,262	901,778	1,019,847
Interest expense on borrowings	1,635,084	1,708,951	852,582	735,948
Loss from indexation of bonds issued to subsidiaries	984,000	3,945,570	(725,500)	1,579,944
Discounting of loans issued and long-term debt of FWPP	250,212	-	29,087	-
Other	46,940	-	36,735	-
Total finance income	7,692,994	10,913,314	2,576,119	4,901,614

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 June 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 June 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	-	-	9,270,736	9,270,736	-	-	4,812,476	4,812,476
Deposits with fixed terms	-	-	23,029,630	23,029,630	-	-	27,394,854	27,394,854
Financial receivables	-	-	-	-	-	-	-	-
Dividends receivable	-	-	12,304,137	12,304,137	-	-	2,436,471	2,436,471
Other liabilities "EXPO Village"LLP	-	-	1,706,537	1,706,537	-	-	-	-
Indebtedness on financial aid provided to "First Wind Power Plant" LLP	-	-	1,292,084	1,292,084	-	-	1,211,193	1,211,193
Loans issued	218,731	-	46,933,103	47,156,594	212,098	-	50,003,373	50,223,373
Total financial assets	218,731	-	94,536,227	94,759,718	212,098	-	85,858,367	86,078,367
Liabilities								
Loans	161,202,677	-	57,768,739	233,317,496	167,789,851	-	65,786,858	237,267,334
Financial receivables	-	-	5,885,156	5,885,156	-	-	907,796	907,796
Financial guarantees issued	-	-	2,388,385	2,388,385	-	-	1,432,273	1,432,273
Total financial liabilities	161,202,677	-	66,042,280	241,591,037	167,789,851	-	68,126,927	239,607,403

23 Events after the reporting date

On 20 July 2017 the Company summarised the results of open two-stage tenders on the realisation of the EKDPGC (including SHET) and MDPGC. After completing the necessary corporate procedures purchase and sale agreements will be signed with the winners of the specified tenders.

On 25 July 2017 the Company received a tranche from Sberbank JSC for the amount of Tenge 3,505,000 thousand within the credit line agreement for 2 years at a rate of 13% per annum.

On 27 July 2017 the Company paid dividends in the amount of Tenge 4 704 895 thousands to the Sole shareholder SWF "Samruk-Kazyna" JSC.