SAMRUK-ENERGY JSC

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

31 December 2015

Contents

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying separate financial statements of Samruk-Energy JSC, which comprise the separate statement of financial position as at 31 December 2015 and the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

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Opinion

In our opinion the separate financial statements present fairly, in all material respects the financial position of Samruk-Energy JSC as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Almaty, Kazakhstan
3 March 2016

Approved and signed by:

Dana Inkarbekova
Managing Director of PricewaterhouseCoopers LLP
(General State License of the Ministry of Finance
of the Republic of Kazakhstan №0000005 dated 21 October 1999)
Audit Partner
(Qualified Auditor's Certificate №0000492 dated 18 January 2000)

SAMRUK-ENERGY JSC
Separate Statement of Financial Position

In thousands of Kazakhstani Tenge	Note	31 December 2015	31 December 2014 (restated) *
ASSETS			
Non-current assets			
Property, plant and equipment	5	839,024	1,160,260
Intangible assets		1,102,744	812,966
Investments in subsidiaries and jointly controlled entities	6	552,345,214	534,318,517
Loans issued	7	48,608,373	30,452,681
Other non-current assets	8	3,118,461	1,375,724
Total non-current assets		**606,013,816**	**568,120,148**
Current assets			
Receivables	9	2,103,822	1,090,729
Inventories		29,905	48,500
Loans issued	7	16,339,333	7,154,087
Other current assets	10	30,467,842	27,701,304
Cash and cash equivalents	11	6,635,292	9,280,080
Total current assets		**55,576,194**	**45,274,700**
TOTAL ASSETS		**661,590,010**	**613,394,848**
EQUITY			
Share capital	12	355,650,405	355,364,386
Other reserves		91,668,501	19,086,598
Retained earnings (retained loss)		(39,940,758)	2,767,227
TOTAL EQUITY		**407,378,148**	**377,218,211**
LIABILITIES			
Non-current liabilities			
Borrowings	13	234,201,959	218,514,149
Long-term financial guarantee	14	1,644,699	966,262
Total non-current liabilities		**235,846,658**	**219,480,411**
Current liabilitites			
Borrowings	13	14,299,257	16,042,705
Other trade and other payables and accrued liabilities	15	2,826,048	384,955
Liability for the benefit of the Shareholder	16	1,174,065	-
Other taxes payable		65,834	264,134
Short-term financial liability		-	4,432
Total current liabilities		**18,365,204**	**16,696,226**
TOTAL LIABILITIES		**254,211,862**	**236,176,637**
TOTAL LIABILITIES AND EQUITY		**661,590,010**	**613,394,848**

Signed on behalf of management on 3 March 2016.

Kairat B. Maksutov
CFO, Chief Finance Officer

Saule B. Tulekova
Head of «Finance and Tax» Department – Chief Accountant

* - Comparative information has been adjusted to reflect transfer from assets held for disposal (Note 2).

The accompanying notes on pages 5 to 33 are an integral part of these separate financial statements.

In thousands of Kazakhstani Tenge	Note	2015	2014
Dividend income		16,040,425	20,399,352
Other income		957,776	916,299
Other expenses	20	(258,333)	(929,631)
General and administrative expenses	17	(5,025,776)	(4,396,764)
Profit from main activity		**11,714,092**	**15,989,256**
Finance income	18	22,758,425	5,343,929
Finance costs	19	(18,250,452)	(20,026,874)
Gains less losses from exchange rate differences		(55,166,652)	11,558,815
(Loss)/profit before income tax		**(38,944,587)**	**12,865,126**
Income tax expense	21	(277,567)	(517,916)
(Loss)/profit for the year		**(39,222,154)**	**12,347,210**
Profit for the year from discontinued operations		2,469,307	-
Total comprehensive (loss)/income for the year		**(36,752,847)**	**12,347,210**

In thousands of Kazakhstani Tenge	**Note**	**Share capital**	**Other reserves**	**Retained earnings/ (Retained loss)**	**Total equity**
Balance at 1 January 2014		**233,946,269**	**19,086,598**	**(1,910,470)**	**251,122,397**
Profit for the year		-	-	12,347,210	12,347,210
Total comprehensive income for the year		-	-	12,347,210	12,347,210
Increase of share capital	12	21,418,117	-	-	21,418,117
Income from initial recognition of loan from Samruk Kazyna	13	-	18,922,380	-	18,922,380
Reversal of income from initial recognition of loan from Samruk-Kazyna	13	100,000,000	(18,922,380)	501,091	81,578,711
Dividend payment		-	-	(8,170,604)	(8,170,604)
Balance at 31 December 2014		**355,364,386**	**19,086,598**	**2,767,227**	**377,218,211**
Profit for the year		-	-	(36,752,847)	(36,752,847)
Total comprehensive loss for the year		-	-	(36,752,847)	(36,752,847)
Increase of share capital	12	286,019	-	-	286,019
Gain from initial recognition of loan from Samruk Kazyna	13	-	72,581,903	-	72,581,903
Other distribution to shareholder	13	-	-	(1,174,065)	(1,174,065)
Dividend payment		-	-	(4,781,073)	(4,781,073)
Balance at 31 December 2015		**355,650,405**	**91,668,501**	**(39,940,758)**	**407,378,148**

In thousands of Kazakhstani Tenge	Note	2015	2014
Cash flows from operating activities:			
Profit before income tax		(38,944,587)	12,865,126
Adjustments for:			
Dividend income		(16,040,425)	(20,399,352)
Depreciation and amortisation		311,444	342,131
Finance costs	19	18,250,452	20,026,874
Finance income	18	(22,758,425)	(5,343,929)
Foreign exchange gain		55,166,651	(11,558,815)
Impairment of assets		5,441	-
Disposal of assets		194,678	-
Other proceeds		(59,981)	(646,521)
Operating cash flows before working capital changes:		**(3,874,752)**	**(4,714,486)**
Decrease/(increase) in inventories		18,594	(8,058)
(Increase)/decrease in accounts receivable and other noncurrent assets		(2,759,861)	1,357,433
Increase/(decrease) in accounts payable		4,361,908	(50,536)
(Decrease)/(increase) other taxes payable		(253,602)	195,569
Cash used in operating activities		**(2,507,713)**	**(3,220,078)**
Income tax paid		(277,568)	(517,916)
Dividends received		16,632,948	18,214,833
Interest paid		(16,571,452)	(16,891,082)
Net cash used in operating activities		**(2,723,785)**	**(2,414,243)**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(1,741,497)	(2,217,677)
Acquisition of subsidiaries		(8,906,910)	(259,489,068)
Proceeds from sales of subsidiaries		370,396	45,500
Borrowings and financial aid provided to subsidiaries and jointly controlled entities		(5,739,271)	(8,700,000)
Acquisition of debt instruments		(12,984,109)	(10,393,116)
Contribution to Balkhash TES JSC charter capital		(6,306,761)	(6,059,620)
Placement of bank deposits, net		15,709,993	38,623,743
Interest received		4,772,498	4,564,033
Repayment of financial aid provided to subsidiaries and jointly controlled entities		2,539,091	14,868,398
Proceeds from sale of financial instruments		2,369,001	412,739
Proceeds from repayment of financial instruments		6,163,000	-
Other		(459)	488,095
Net cash used in investing activities		**(3,755,028)**	**(227,856,973)**
Cash flows from financing activities			
Proceeds from issue of shares	12	-	21,418,117
Proceeds from issue of bonds		(2,970,000)	-
Proceeds from borrowings		68,498,000	208,943,000
Repayment of borrowings		(56,743,000)	-
Repayment of loans from Samruk-Kazyna		(2,381,109)	(2,381,109)
Dividends paid		(4,781,073)	(8,170,605)
Others		(800,234)	(30,111)
Net cash flows from financing activities		**822,584**	**219,779,292**
Foreign exchange difference effect on cash and cash equivalents		3,011,441	17,181,022
Net (decrease) /increase in cash and cash equivalents		**(2,644,788)**	**6,689,098**
Cash and cash equivalents at the beginning of the year	11	9,280,080	2,590,982
Cash and cash equivalents at the end of the year	11	**6,635,292**	**9,280,080**

The accompanying notes on pages 5 to 33 are an integral part of these separate financial statements.

1 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 National Welfare Fund JSC (“Samruk-Kazyna”), owing 100% 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 6), whose principal activities are production of electricity 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 heat power stations, and lease of property of hydro power stations.

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

2 Basis of Preparation and Significant Accounting Policies

Basis of preparation

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

The Company has prepared these separate financial statements for management.

In addition, the Company has prepared consolidated financial statements in accordance with IFRS in relation to the Company and its subsidiaries (hereinafter the “Group”). In the consolidated financial statements the operations of subsidiaries, defined as companies in which the Group owns more than half of the voting shares directly or indirectly or in relation to which the Company has the ability to otherwise control their financial and operating policies, are fully consolidated. The consolidated financial statements of the Group may be received in Company’s office at the following address: 15A, Kabanbai Batyr Avenue, Astana, Republic of Kazakhstan.

The separate financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014, to obtain full information about financial position, operating results and changes in Company’s financial position as a whole.

The preparation of the separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires the Management to exercise its judgment in the process of applying the Company’s accounting policies.

Currency exchange rates

At 31 December 2015 the official rate used for translating foreign currency balances was Tenge 340.01 = US Dollar (31 December 2014: Tenge 182.35 = US Dollar). Currently, Tenge is not freely convertible outside of the Republic of Kazakhstan.

Property, plant and equipment

(i) Recognition and measurement of property, plant and equipment

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

2 Basis of Preparation and Significant Accounting Policies (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost of replaced parts is written off. All other spare parts and servicing-related equipment are accounted for in profit and loss for the period as retired.

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

(ii) Depreciation

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

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

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

(iii) Impairment

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

Intangible assets

All of the Company's intangible assets have definite useful lives and primarily include capitalised computer software. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring it to use. All intangible assets are amortised using the straight-line method over their useful lives of 3 to 5 years as estimated by management.

If impaired, the carrying amount of intangible assets is written down to the higher of: value in use and fair value less costs to sell.

Investments to subsidiaries and joint ventures

For the purposes of these separate financial statements the Company's investments are carried at cost in the separate financial statements less provision for impairment.

Financial instruments

(i) Key measurement terms

The Company's financial instruments are carried amortised cost as described below.

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

2 Basis of Preparation and Significant Accounting Policies (Continued)

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

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

(ii) Classification of financial assets

Financial assets of the Group include loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Company intends to sell in the near term. They are included in current assets, except for those loans and accounts receivable with maturity greater than 12 months after the reporting period, classified as non-current assets.

(iii) Classification of financial liabilities

Financial liabilities of the Company represent financial liabilities carried at amortised cost.

(iv) Initial recognition of financial instruments

Financial assets and liabilities are initially recorded at fair value. All other financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. Profit or loss is accounted for at the initial recognition only when there is a difference between the fair value and the transaction price which can be evidenced by other transactions, currently observed on the market, with similar financial instruments or measurement approach which uses only actual market data as input variables.

(v) Derecognition of financial assets

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

(vi) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously

2 Basis of Preparation and Significant Accounting Policies (Continued)

Advances to suppliers

Advances to suppliers are carried at the actually paid amounts less provision for impairment. Advances are classified as non-current when the goods or services relating to the advances are expected to be obtained after one year, or when advances relate to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other advances are written off to profit or loss when the goods or services relating to the advances are received. If there is an indication that the assets, goods or services relating to advances will not be received, the carrying value of the advances is written down accordingly, and a corresponding impairment loss is recognised in the profit or loss for the year.

Inventories

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks. Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date are included in other non-current assets; cash with restriction of more than three months but less than twelve months after the reporting period is included into other current assets.

Non-current assets held for sale

Non-current assets and disposal groups (which may include both non-current and current assets) are classified in the statement of financial position as ‘assets held for sale’ if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Company’s management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period’s statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The Company Board determines value of each share and number of shares at individual issue in accordance with the legislation.

Borrowings

Borrowings are initially recorded at fair value less transaction costs and subsequently measured at amortised cost; the difference between the amount received (less transaction costs) and the amount to be repaid is recognised in profit and loss during the loan period using the effective interest method.

If a loan is obtained from shareholders at interest rates different from market rates, the Company records income from initial recognition of in profit and loss for the year as proceeds or directly in equity as capital contribution. The accounting treatment used reflects the transaction's economic substance. It is applied consistently to all similar transactions and disclosed in the financial statements.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised. Other borrowing costs are recognised as an expense using the effective interest method. The Company capitalises borrowing costs that would have been avoided if it had not made capital expenditure on qualifying assets. The commencement date for capitalisation is when (a) the Company incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation ceases when almost all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

Trade and other payables

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

Payroll expense and related contributions

Wages, salaries, contributions to pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Company. On behalf of its employees, the Company withholds those statutory pension and post-employment benefit amounts prescribed by the legal requirements of the Republic of Kazakhstan. Upon retirement of employees, the financial obligations of the Company cease and all subsequent payments to retired employees are administered by the cumulative pension fund.

Income taxes

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

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

Financial guarantees

Financial guarantees represent irrevocable assurances that the Company will make payments to compensate damage to a guarantee holder in the event that the respective debtor failed to meet its contractual obligations to pay third parties. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the commitment. At each statement of financial position date, the financial guarantees are measured at the higher of (i) the unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the commitment at the end of the reporting period.

Changes in presentation of financial statements

On 24 of July 2014 the Board of Directors approved the plan to dispose a number of the subsidiaries in accordance with the Decree of the Government on the privatization of assets. As of 31 December 2014 all investments in East Kazakhstan regional electricity distribution company (VKREC), Shygys Energo Trade LLP (SHET), Mangistau electricity distribution company (MEDC), Aktobe TPS, Zhambylskaya GRES named after T. I. Baturov (ZhGRES) have been included in non-current assets held for sale. On 31 March 2015 the Group has signed the agreement on sale of 50% of shares of ZhGRES with TarazEnergo-2005 LLP. The sale price was agreed is Tenge 2,469,307 thousand. Transfer of ownership was completed on 18 May 2015. VKREC, SHET, MEDC, Aktobe TPS have not been sold during 2015.

In December 2015 the Government of Republic of Kazakhstan adopted a new Decree “On some issues of privatization for 2016-2020”. As part of this Decree the previously conducted activities and procedures become invalid, and the sales process will consist of several stages, the duration of which will depend on both, the internal and external factors.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Due to the unstable economic situation, the management considers that there is some uncertainty in the order of sale of assets and in the timing of realization. In addition, Company's disposal group was not realised during 2015, as previously planned. Management has assessed that there is a high probability that the disposal group will not be sold during 2016 as well. Consequently, as at 31 December 2015 the investments in VKREC, SHET, MEDC, and Aktobe TPS were transferred from non-current assets held for disposal to investments in subsidiaries, joint ventures and associates. The comparative information has been restated to reflect the transfer of the disposal group.

As at 31 December 2014 SHET was a direct subsidiary of VKREC and Aktobe TPS was a direct subsidiary of AZhC, Company did not hold direct interest in SHET and Aktobe TPS, respectively, investments in subsidiaries, joint ventures and associates of Samruk-Energy do not include investments in SHET and Aktobe TPS as of 31 December 2014.

In thousands of Kazakhstani Tenge	**As original 31 December 2014**	**MEDC**	**VKREC**	**As restated 31 December 2014**
ASSETS				
Non-current assets				
Property, plant and equipment	1,160,260	-	-	1,160,260
Intangible assets	812,966	-	-	812,966
Investments in subsidiaries, joint ventures and associates	525,809,479	785,297	7,723,741	534,318,517
Loans given	30,452,681	-	-	30,452,681
Other non-current assets	1,375,724	-	-	1,375,724
Total non-current assets	**559,611,110**	**785,297**	**7,723,741**	**568,120,148**
Current assets				
Receivables	1,090,729	-	-	1,090,729
Inventories	48,500	-	-	48,500
Loans issued	7,154,087	-	-	7,154,087
Other current assets	27,701,304	-	-	27,701,304
Cash and cash equivalents	9,280,080	-	-	9,280,080
Non-current assets held for sale	8,509,038	(785,297)	(7,723,741)	-
Total current assets	**53,783,738**	**(785,297)**	**(7,723,741)**	**45,274,700**
TOTAL ASSETS	**613,394,848**	**-**	**-**	**613,394,848**

3 New Accounting Pronouncements

The following new standards and interpretations became effective for the Company from 1 January 2015:

Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The amendments to the standard did not have significant impact on the Company's financial statements.

3 New Accounting Pronouncements (Continued)

Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to seven standards. IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2015. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The amendments to the standard did not have significant impact on the Company's financial statements.

Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to four standards. The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendments to the standard did not have significant impact on the Company's financial statements.

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2016 or later, and which the Company has not early adopted:

IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

3 New Accounting Pronouncements (Continued)

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group is currently assessing the impact of the new standard on its financial statements.

IFRS 14, Regulatory deferral accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

3 New Accounting Pronouncements (Continued)

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report".

Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.

Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity's ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent's financial statements.

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

4 Balances and Transactions with Related Parties

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

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

The nature of relations with those related parties with whom the Group entered into transactions or had balances outstanding at 31 December 2014 and 31 December 2015 is detailed below.

4 Balances and Transactions with Related Parties (Continued)

At 31 December 2015, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	**Note**	**Shareholder**	**Companies under common control**	**Subsidiaries and JVs**
Loans issued to subsidiaries		-	-	8,358,091
Financial aid provided to subsidiaries and jointly controlled entities		-	-	365,000
Other current assets		-	2,400	709,535
Trade and other receivables		-	-	-
Other distributions to shareholders		988,786	-	525,409
Interest receivable on loans issued		-	-	89,794
Dividends receivable	10	-	-	2,634,314
Related party securities		223,491	6,825,446	49,177,793
Other trade and other payables and accrued liabilities		-	5,887	-
Accounts payable		-	-	-
Liability to shareholder		1,174,065	-	-
Borrowings	13	57,537,093	-	-
Interest payable on loans received		-	-	-

At 31 December 2014, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	**Note**	**Shareholder**	**Companies under common control**	**Subsidiaries and JVs**
Loans issued to subsidiaries		-	-	4,949,181
Financial aid provided to subsidiaries and jointly controlled entities		-	-	235,832
Other current assets		-	2,400	144,531
Trade and other receivables		-	-	1,078,792
Interest receivable on loans issued		-	-	69,689
Dividends receivable	10	-	-	2,682,238
Related party securities		223,491	3,660,539	28,468,037
Other trade and other payables and accrued liabilities		-	-	799,000
Accounts payable		-	8,069	271
Borrowings	13	130,817,458	-	725,000
Interest payable on loans received		941,723	-	-

The income and expense items with related parties for the year ended 31 December 2015 were as follows:

In thousands of Kazakhstani Tenge	**Shareholder**	**Companies under common control**	**Subsidiaries and JVs**
Dividend income	-	-	(16,040,425)
Finance income	(12,958)	(207,404)	(21,013,551)
Finance costs	11,265,533	-	160,875
General and administrative expenses	-	69,396	-
Operating expenses/income	(410)	(3,181,831)	(924,648)

The income and expense items with related parties for the year ended 31 December 2014 were as follows:

In thousands of Kazakhstani Tenge	**Shareholder**	**Companies under common control**	**Subsidiaries and JVs**
Dividend income	-	-	(20,399,352)
Finance income	(18,210)	(355,285)	(2,722,119)
Finance costs	13,971,619	-	96,151
General and administrative expenses	67,500	99,480	37,226
Operating expenses/income	-	(579,162)	(825,969)

4 Balances and Transactions with Related Parties (Continued)

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel compensation for the period ended 31 December 2015, including salaries, bonuses and other short-term benefits to employees is Tenge 403,487 thousand (for the period ended 31 December 2014: Tenge 330,205 thousand). Key management personnel at 31 December 2015 consists of 8 persons (2014: 9 persons).

5 Property, Plant and Equipment

Movements on carrying values of property, plant and equipment are as follows:

In thousands of Kazakhstani Tenge	**Other**	**Construction in progress**	**Total**
Cost at 1 January 2014	633,878	1,840,184	2,474,062
Accumulated depreciation and impairment	(40,050)	-	(40,050)
Carrying amount at 1 January 2014	**593,828**	**1,840,184**	**2,434,012**
Addiitons	204,630	830,749	1,035,379
Transfers	1,743,576	-	1,743,576
Depraciation	(211,514)	-	(211,514)
Depreciation write off on disposed PPE	61,323	-	61,323
Disposals	(1,772,140)	-	(1,772,140)
Recovery of impairment	35,089	-	35,089
Transfer to other assets	-	(2,165,465)	(2,165,465)
Carrying amount at 31 December 2014	**654,792**	**505,468**	**1,160,260**
Addiitons	34,114	14,726	48,840
Transfers	5,377	(5,377)	-
Depraciation	(181,136)	-	(181,136)
Transfer to other assets	780	(189,720)	(188,940)
Carrying amount at 31 December 2015	**513,927**	**325,097**	**839,024**
Cost at 31 December 2015	941,624	325,097	1,266,721
Accumulated depreciation and impairment	(427,697)	-	(427,697)
Carrying amount at 31 December 2015	**513,927**	**325,097**	**839,024**

6 Investments in Subsidiaries and Joint Ventures

At 31 December 2015 the carrying amount of investment was as follows:

	Date of acquisition	Country of registration	Carrying amount of investments at 31 December 2015, in thousands of tenge	Ownership percentage at 31 December 2015
a) Investments to subsidiaries				
Ekibastuzskaya GRES-1 named after Bulat Nurzhanov LLP	31.10.2012	Kazakhstan	338,272,063	100%
Alatau Zharyk Company JSC (AZhC)	29.07.2009	Kazakhstan	46,501,110	100%
Almaty Power Stations JSC	26.07.2011	Kazakhstan	30,212,480	100%
Moinak HPS JSC	04.01.2008	Kazakhstan	21,864,616	100%
Tegis Munai LLP	29.12.2012	Kazakhstan	14,835,069	100%
First Wind Turbine LLP	28.05.2015	Kazakhstan	9,092,563	100%
East-Kazakhstan regional electricity distribution company (VKREC)	31.03.2012	Kazakhstan	7,723,741	100%
Aktobe Thermal Power Station JSC	03.12.2015	Kazakhstan	7,176,726	100%
Samruk-Green Energy LLP	13.06.2012	Kazakhstan	2,739,234	100%
Shulbinskaya HPS JSC	04.01.2008	Kazakhstan	1,230,658	92%
Bukhtarminskaya HPS JSC	04.01.2008	Kazakhstan	1,050,790	90%
Shardara HPS JSC	03.06.2011	Kazakhstan	1,221,089	100%
Ust-Kamenogorskaya HPS JSC	04.01.2008	Kazakhstan	465,019	90%
Ereymentau Wind Power LLP	28.05.2015	Kazakhstan	968,807	100%
Mangistau Electricity Distribution Company JSC (MEDC)	04.01.2008	Kazakhstan	785,297	77%
KaragandaGiproShaht and K LLP	15.06.2015	Kazakhstan	286,019	90%
AlmatyEnergoSbyt LLP	26.07.2011	Kazakhstan	136,003	100%
Kazhydrotechenergo LLP	31.03.2014	Kazakhstan	116,675	100%
Energiya Semirechiya LLP	28.05.2015	Kazakhstan	15,319	51%
New Light Energy LLP	28.05.2015	Kazakhstan	152	100%
b) Investments to joint ventures				
Forum Muider B.V.	23.12.2008	The Netherlands	41,759,543	50%
Stantciya Ekibastuzskaya GRES-2 JSC	04.01.2008	Kazakhstan	8,725,133	50%
c) Investments to associates				
Balkhashskaya TES JSC	24.06.2008	Kazakhstan	19,602,020	37.92%
Less:				
Impairment of investments			(2,434,912)	
Total investments			**552,345,214**	

6 Investments in Subsidiaries and Joint Ventures (Continued)

At 31 December 2014 the carrying amount of investment was as follows:

	Date of acquisition	**Country of registration**	**Carrying amount of investments at 31 December 2014, in thousands of Tenge (restated) ***	**Ownership percentage at 31 December 2014**
a) Investments to subsidiaries				
Ekibastuzskaya GRES-1 named after Bulat Nurzhanov LLP	31.10.2012	Kazakhstan	338,272,063	100%
Alatau Zharyk Company JSC	29.07.2009	Kazakhstan	53,171,323	100%
Almaty Power Stations JSC	26.07.2011	Kazakhstan	30,212,480	100%
Moinak HPS JSC	04.01.2008	Kazakhstan	21,864,616	51%
Tegis Munai LLP	29.12.2012	Kazakhstan	11,716,808	100%
Samruk-Green Energy LLP	13.06.2012	Kazakhstan	8,389,177	100%
East-Kazakhstan regional electricity distribution company ("VKREC")	31.03.2012	Kazakhstan	7,723,741	100%
Shulbinskaya HPS JSC	04.01.2008	Kazakhstan	1,230,658	92%
Bukhtarminskaya HPS JSC	04.01.2008	Kazakhstan	1,050,790	90%
Mangistau Electricity Distribution Company JSC ("MEDC")	04.01.2008	Kazakhstan	785,297	77%
Shardara HPS JSC	03.06.2011	Kazakhstan	482,667	100%
Ust-Kamenogorskaya HPS JSC	04.01.2008	Kazakhstan	465,019	90%
AlmatyEnergoSbyt LLP	26.07.2011	Kazakhstan	136,003	100%
Kazhydrotechenergo LLP		Kazakhstan	73,001	
b) Investments to joint ventures				
Forum Muider B.V.	23.12.2008	Netherlands	41,759,543	50%
Stantciya Ekibastuzskaya GRES-2 JSC	04.01.2008	Kazakhstan	8,725,133	50%
Zhambylskaya GRES named after T.I. Baturov JSC	04.01.2008	Kazakhstan	855,250	50%
c) Investments to associates				
Balkhashskaya TES JSC	24.06.2008	Kazakhstan	10,695,110	25%
Less:				
Impairment of investments			(3,290,162)	
Total investments			**534,318,517**	

Transactions and balances with subsidiaries and joint ventures are disclosed in Note 4.

Sale of Zhambylskaya GRES named after T.I. Baturov JSC

On 31 March 2015 the Company signed an agreement to sell 50% stake in ZhGRES to LLP "Taraz-Energo 2005". Cost of sales amounted to Tenge 2,469,307 thousand. Registration of property rights transfer was completed on 18 May 2015.

Investment in ZhGRES was fully impaired in prior periods since the recoverable amount of the asset was estimated as nil. The Group derecognized the investment after the transfer to the buyer all the risks and benefits associated with the investment and recognized a gain from discontinued operations in the amount of Tenge 2,469,307 thousand, net of selling expenses.

* - Comparative information has been adjusted to reflect transfer from assets held for disposal (Note 2).

7 Loans Issued

In thousands of Kazakhstani Tenge	**31 December 2015**	**31 December 2014**
Non-current portion		
Alatau Zharyk Company JSC bonds	10,043,515	10,550,029
Almaty Power Stations JSC bonds	31,148,000	10,412,109
Loan issued to Alatau Zharyk Company JSC	3,408,643	3,157,212
MEDNC JSC bonds	1,191,941	1,186,353
Loan issued to EKREC JSC	767,986	1,279,978
Kazakhstan Engineering JSC bonds	-	3,647,000
Samruk-Kazyna SWF JSC bonds	220,000	220,000
Loan to First Wind Turbine LLP	1,828,288	-
Total loans issued – non-current portion	**48,608,373**	**30,452,681**
Current portion		
Almaty Power Stations JSC bonds	6,187,402	6,287,997
Kazakhstan Engineering JSC bonds	6,800,200	13,539
Interest accrued on bonds	635,673	-
Loan issued to Almaty Power Stations JSC	1,568,883	-
Loan issued to EKREC JSC	511,991	511,991
Loan issued to Aktobe TES JSC	450,000	200,000
Interest accrued on loans issued to Alatau Zharyk Company JSC	69,689	69,689
Loan issued to Energiya Semirechiya LLP	65,000	-
Interest accrued on loans issued to Almaty Power Stations JSC	20,105	-
Financial aid provided to Ust-Kamenogorskaya HPS JSC	30,390	30,390
Loans issued to Zhambylskaya GRES named after T.I. Baturov JSC	5,442	5,442
Other	-	35,039
Less: impairment on loans issued	(5,442)	-
Total loans issued – current portion	**16,339,333**	**7,154,087**

Bonds acquired from Almaty Power Stations JSC

Under the first bond program Almaty Power Stations JSC issued 75,488,780 in March 2014 and placed 74,488,780 index bonds at par value of Tenge 100 with an interest rate of 6% per annum.

The bonds were issued to provide financing for the rehabilitation and expansion of Almaty TES JSC AIES Stage 3. Boiler unit of St. 8 investment project. Maturity of bonds is 2 to 6 years. The unsecured bonds were issued at Kazakhstan Stock Exchange and repurchased by Samruk-Energo.

In February and September 2015 the Company acquired additional bonds of Almaty Power Stations JSC in the amount of Tenge 14,587,785 thousand with a nominal value of 100 Tenge and maturity period of up to 3 years. Coupon interest rate is fixed at 6% per annum.

The loan issued to Almaty Power Stations JSC

On September 17, 2015 and November 5, 2015 the loan agreements have been signed with Almaty Power Stations JSC in the amount of Tenge 1,000,000 thousand and Tenge 1,249,331 thousand, respectively, for a period of 12 months. The loans were granted to finance the investment project "Reconstruction and expansion of Almaty CHP-2 of Almaty Power Stations JSC. III stage. Boiler №8. The interest rate is 14% per annum. In September and December 2015, the Company issued loans totaling Tenge 1,568,883 thousand.

8 Other Non-current Assets

In thousands of Kazakhstani Tenge	**31 December 2015**	**31 December 2014**
Advanced paid for non-current assets	2,200,000	1,299,576
Financial guarantee to First Wind Turbine LLP	704,977	-
Other non-current assets	213,484	76,148
Total Other non-current assets	**3,118,461**	**1,375,724**

9 Receivables

In thousands of Kazakhstani Tenge	**31 December 2015**	**31 December 2014**
Receivables from The First Wind Power Plant LLP	-	1,078,792
Trade and other receivables from LLP "Taraz-Energo 2005"	2,098,911	-
Other trade and other receivables	4,911	11,937
Total financial trade and other receivables	**2,103,822**	**1,090,729**

10 Other Current Assets

In thousands of Kazakhstani Tenge	**31 December 2015**	**31 December 2014**
Short-term deposits	26,626,827	24,831,080
Dividends receivable	2,634,314	2,682,238
Assets held for the benefit of the Shareholder	952,481	-
Advanced paid	85,380	34,308
Other taxes prepaid	52,903	112,251
Deferred expenses	48,065	22,991
Receivables from employees	23,260	10,378
Other	44,612	8,058
Total other current assets	**30,467,842**	**27,701,304**

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 thousand, which was recorded as other distribution to shareholders. The Company has accrued liability for the estimated amount of construction for amount of Tenge 1,174,065 thousand as other distributions to shareholder. As at 31 December 2015, the Company incurred expenses associated with the construction of a kindergarten of Tenge 988,787 thousand and transferred an advance payment of Tenge 36,306 thousand. These actually incurred expenses are recorded as current assets held for the benefit of shareholders, as it is expected that these assets will be transferred to the shareholder during 2016 as the distribution of income to the shareholder pursuant to the Protocol of the meeting with the participation of the President of Kazakhstan on 27 November 2013.

11 Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	31 December 2015	31 December 2014
Cash on bank accounts – USD	5,897,312	8,390,241
Cash on bank accounts – EUR	28,122	27,815
Cash on bank accounts – KZT	558,565	777,929
Cash on bank accounts – RUB	116	-
Cash in transit	-	82,969
Cash on hand	1,177	1,126
Cash on time deposits– EUR	150,000	-
Total cash and cash equivalents	**6,635,292**	**9,280,080**

12 Capital

Share capital

	Issue date	Number of declared and issued shares	Value, KZT	Share capital, 000'KZT
Paid-in capital at 1 January 2014		**5,463,437**		**233,946,269**
11th issue of shares	26 March 2014	21,000	1,000,000	21,000,000
12th issue of shares	6 October 2014	100,000	1,000,000	100,000,000
13th issue of shares	1 September 2014	1,000	418,117	418,117
Paid-in capital at 31 December 2014		**5,585,437**		**355,364,386**
14th issue of shares	15 July 2015	286	1,000,065	286,019
Paid-in capital at 31 December 2015		**5,585,723**		**355,650,405**

At 31 December 2015, 5,585,723 issued ordinary shares were fully paid (2014: 5,585,437 shares). Each ordinary share gives a right of one vote. The Company does not have preference shares.

At 31 December 2015, NWF Samruk-Kazyna is a 100% shareholder of the Company (2014: 100%).

13 Borrowings

In thousands of Kazakhstani Tenge	31 December 2015	31 December 2014
Long-term portion		
Eurobonds	169,846,110	90,896,280
Borrowings from Samruk-Kazyna	54,355,849	127,617,869
Bank loans	10,000,000	-
Total borrowings – long-term portion	**234,201,959**	**218,514,149**
Short-term portion		
Bank loans	10,698,000	8,218,000
Borrowings from Samruk-Kazyna	2,381,110	2,257,866
Borrowing from Bukhtarma GES	-	725,001
Bonds	-	2,940,813
Interest accrued – borrowings from Samruk-Kazyna	800,135	941,723
Interest accrued – Eurobonds	194,797	129,115
Interest accrued – bank loans	225,215	31,187
Other	-	799,000
Total short-term portion	**14,299,257**	**16,042,705**
Total borrowings	**248,501,216**	**234,556,854**

The carrying amounts and fair values of these borrowings are as follows:

	31 December 2015		31 December 2014	
In thousands of Kazakhstani Tenge	Carrying amounts	Fair values	Carrying amounts	Fair values
Borrowings	57,537,093	47,960,689	132,341,459	131,570,440
Bonds	170,040,908	164,224,827	93,966,208	90,765,407
Bank loans	20,923,215	21,098,858	8,249,187	8,249,187
Total borrowings	**248,501,216**	**233,284,374**	**234,556,854**	**230,585,034**

Samruk-Kazyna

On 17 March 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, and maturity not later than 15 September 2029. The principal is repayable by equal annual instalments, and interest is paid by semi-annual instalments, starting from the next reporting year after the loan is received.

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

13 Borrowings (Continued)

On 16 January 2014, the Company signed a loan agreement with Samruk-Kazyna for KZT 200,000,000 thousand for acquisition of the remaining interest in EGRES-1. The principal is repayable on 1 December 2028, and interest is paid by semi-annual instalments at the rate of 7.8%. The market rate at the date of the loan receipt was 9.5% per annum. The Company recognized income from initial recognition of the loan of KZT 18,922,380 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.

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 25 December 2015 the loan agreement was significantly amended in accordance with the amendment #369, the interest rate on the principal amount was reduced to 1% per annum. Management estimates that the reduction of the interest rate to a non-market rate of 1% and the change of the priority of a loan to a subordinated one represent a significant change in the conditions of the loan. Management believes that such a change in the conditions of the loan should be considered as an extinguishment of the original loan and recognition of a new loan at a fair value.

At the date when loan conditions changed the market rate was 12.8% per annum. The Company recognized a gain on initial recognition of the loan in the amount of Tenge 72,581,903 thousand as part of other reserves. Management believes that by providing a loan at a rate below market, Samruk-Kazyna acted as a Company's shareholder.

Gain on initial recognition of the loan was recorded as the difference between the nominal value and fair value at the recognition date, calculated using the discounted cash flow method at the effective rate of 12,8% per annum.

Bonds

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.

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 at 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.

During the first half of 2013 the Company placed bonds on the Kazakhstan Stock Exchange for the total amount of Tenge 2,956,595 thousand with a coupon rate of 6%. Bonds were repaid in November 2015.

During 2015, the National Bank of the Republic of Kazakhstan decided to stop supporting the Tenge exchange rate and decreased currency interventions. As a result, the exchange rate of Tenge depreciated from KZT 182.35 to KZT 340.01 for USD 1 at 31 December 2015. The Company recognized an exchange loss of KZT 78,823,854 thousand with respect to Eurobonds denominated in US dollars.

ATF Bank

On 13 October 2014 and 14 November 2014 the Company entered into a short-term general purpose loan agreement with ATF bank. Interest is payable on a monthly basis based on a rate of 11%-13% per annum depending on maturity of each tranche. Loans under one credit line was fully repaid during 2015. In September 2015 Samruk-Energy has obtained new tranche under existing credit line for amount of Tenge 4,500,000 thousand for replenishing of working capital. The interest rate on the loan was set as 11%. The loan is not secured.

13 Borrowings (Continued)

Halyk Bank

On 25 May 2015 the Company has concluded renewable short-term loan agreement for amount of Tenge 10,000,000 thousand with Halyk Bank for purpose of replenishing of working capital. The interest rate on loans depends on maturity of each tranche and varies from 10.5% to 12.5%. On 6 November 2015 the Company has extended the loan agreement till 26 May 2017 and the new interest rate was set as 12.5% irrespective of tranche maturity for new tranches obtained since 1 October 2015. During 2015 the Company has obtained loans under this agreement for total amount of Tenge 20,698,000 thousand and has repaid loans for total amount of Tenge 14,500,000 thousand. As of 31 December 2015 the outstanding principal and interest payable amount is Tenge 6,240,502 thousand. The loan is secured by future cash payments received on current accounts of the Company at Halyk Bank for amount of Tenge 35,715,632 thousand.

Kazkommertsbank

During 2015 a loan for the amount of Tenge 10,000,000 thousand and a period of 5 years was obtained from "Kazkommertsbank" JSC according to the framework of an agreement on opening a credit line #1610 dated 21 October 2015. The purpose was to replenish the working capital. The nominal rate of the loan is 12%, and the effective rate is 12.7%.

14 Financial Guarantees

At 31 December 2015, the Company has a guarantee issued for the loan received by First Wind Turbine LLP and Shardara HPS JSC. The fair value 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.

15 Other Payables and Accrued liabilities

In thousands of Kazakhstani Tenge	**31 December 2015**	**31 December 2014**
Payables to suppliers and contractors	345,448	267,633
Guarantee obligation for tender participation	2,264,065	13,447
Other payables	216,535	103,875
Total financial payables	**2,826,048**	**384,955**

16 Liability for the benefit of 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 thousand, which was recorded as other distribution to shareholder. The Company has accrued liability for the estimated amount of construction equalling Tenge 1,174,065 thousand as other distributions to shareholder. As at 31 December 2015 the Company incurred expenses associated with the construction of a kindergarten of Tenge 988,787 thousand and transferred an advance payment of Tenge 36,306 thousand. These actually incurred expenses are recorded as current assets held for the benefit of shareholders, as it is expected that these assets will be transferred to the shareholder during 2016 as the distribution of income to the shareholder pursuant to the Protocol of the meeting with the participation of the President of Kazakhstan on 27 November 2013.

17 General and Administrative expenses

In thousands of Kazakhstani Tenge	**2015**	**2014**
Salaries and related costs	2,550,957	1,838,094
Consulting and other services	753,466	514,519
Rent expenses	361,370	270,307
Depreciation and amortization	311,445	342,131
Social tax	220,651	157,104
Business trip expenses	145,038	113,979
Sponsorship	90,000	331,271
Staff training and related costs	89,008	34,765
Medical insurance	33,462	21,988
Communication costs	26,208	22,694
Membership fees	-	59,408
Other	444,171	690,504
Total general and administrative expenses	**5,025,776**	**4,396,764**

18 Finance Income

In thousands of Kazakhstani Tenge	**2015**	**2014**
Indexation income on bonds	17,257,185	-
Interest income on bonds	3,258,858	2,083,547
Interest income on bank deposits	1,502,845	2,415,511
Interest income on financial aid issued	460,852	613,188
Amortization of discount on financial aid issued	259,804	230,805
Other	18,881	878
Total finance income	**22,758,425**	**5,343,929**

19 Finance Costs

In thousands of Kazakhstani Tenge	**2015**	**2014**
Interest expense on borrowings	11,556,741	14,077,357
Interest expense on debt securities	4,456,484	3,653,298
Amortization of discount of present value on loans and financial aid from shareholders	1,913,099	2,132,928
Other	324,128	163,291
Total finance costs	**18,250,452**	**20,026,874**

20 Other Operating Expenses

In thousands of Kazakhstani Tenge	**2015**	**2014**
Impairment of investment in Samruk-Green Energy LLP	-	739,235
Other	258,333	190,396
Total other operating expenses	**258,333**	**929,631**

21 Income Taxes

In thousands of Kazakhstani Tenge	**2015**	**2014**
Current tax	277,567	517,916
Deferred tax	-	-
Total income tax expense	**277,567**	**517,916**

A reconciliation between the expected and the actual taxation charge is provided below.

In thousands of Kazakhstani Tenge	**2015**	**2014**
IFRS profit before tax	**(38,944,587)**	**12,865,126**
Theoretical tax charge at statutory rate of 20% (2014: 20%)	(7,788,917)	2,573,025
Adjustments for:		
Dividend income	(3,317,005)	(4,079,870)
Non-deductible expenses	166,053	179,276
Adjustment of income tax of previous years	-	-
Withholding income tax	277,566	391,350
Permanent difference on loans from Samruk Kazyna	-	-
Other	(737,099)	100,218
Changes in unrecognized deferred income tax assets	11,676,969	1,353,917
Total income tax expense	**277,567**	**517,916**

Differences between IFRS and statutory taxation regulations in the Republic of Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and reflected at tax rates expected to apply in the period of recovery of temporary differences.

In thousands of Kazakhstani Tenge	**1 January 2015**	**Charged/ (credited) to profit or loss**	**Charged/ (credited) directly to equity**	**31 December 2015**
Tax effect of deductible temporary differences				
Tax loss carry forwards	4,852,711	11,358,424	-	16,211,135
Loans to subsidiaries, joint ventures and associates	781,937	(51,404)	-	730,533
Investments in subsidiaries, joint and associated entities	266,056	-	-	266,056
Other receivables	54,962	(13,460)	-	41,502
Gross deferred income tax assets	**5,955,666**	**11,293,560**	**-**	**17,249,226**
Unrecognized tax assets	(2,768,602)	(11,676,969)	14,445,571	-
Less offset with deferred income tax liabilities	(3,187,064)	383,409	(14,445,571)	(17,249,226)
Recognized deferred income tax assets	**-**	**-**	**-**	**-**
Tax effect of taxable temporary differences				
Property, plant and equipment	(81,021)	(35,145)	-	(116,166)
Borrowings	(3,106,043)	418,554	(14,445,571)	(17,133,060)
Gross deferred income tax liabilities	**(3,187,064)**	**383,409**	**(14,445,571)**	**(17,249,226)**
Less offset with deferred income tax assets	3,187,064	(383,409)	14,445,571	17,249,226
Recognized deferred income tax liabilities	**-**	**-**	**-**	**-**

21 Income Taxes (Continued)

In thousands of Kazakhstani Tenge	1 January 2014	Charged/ (credited) to profit or loss	31 December 2014
Tax effect of deductible temporary differences			
Tax loss carry forwards	4,045,873	806,838	4,852,711
Loans to subsidiaries, joint ventures and associates	832,166	(50,229)	781,937
Investments in subsidiaries, joint ventures and associates	82,198	183,858	266,056
Other payables	(1,989)	1,989	-
Other receivables	-	54,962	54,962
Gross deferred income tax assets	**4,958,248**	**997,418**	**5,955,666**
Unrecognized tax assets	(1,414,684)	(1,353,918)	(2,768,602)
Less offset with deferred income tax liabilities	(3,543,564)	356,500	(3,187,064)
Recognized deferred income tax assets	-	-	-
Tax effect of taxable temporary differences			
Property, plant and equipment	(76,227)	(4,794)	(81,021)
Borrowings	(3,430,039)	323,996	(3,106,043)
Other	(37,298)	37,298	-
Gross deferred income tax liabilities	**(3,543,564)**	**356,500**	**(3,187,064)**
Less offset with deferred income tax assets	3,543,564	(356,500)	3,187,064
Recognized deferred income tax liabilities	-	-	-

22 Contingencies and Commitments and Operating Risks

Political and economic situation in the Republic of Kazakhstan

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas prices and other commodities, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets.

Low prices on oil and other commodities, volatility of exchange rate have caused and may continue to cause negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity and creation of difficulties in attracting of international financing.

On 20 August 2015 the National Bank and the Government of the Republic of Kazakhstan made a resolution about discontinuation of supporting the exchange rate of Tenge and implement of new monetary policy, which is based on inflation targeting regime, cancellation of exchange rate trading band and start a free floating exchange rate. As the result, during the period of August-December 2015 the exchange rate of Tenge has varied from 187 to 350 tenge per 1 US Dollar. As at the date of this report the official exchange rate of the Kazakhstan Stock Exchange was Tenge 340.01 per USD 1, compared to Tenge 339.47 per USD 1 as at 31 December 2015 (31 December 2014: Tenge 182.35 per USD 1). Therefore, uncertainty exists in relation to exchange rate of Tenge and the impact of this factor on the economy of the Republic of Kazakhstan.

In mid-January 2016, Standard & Poor's materially lowered its oil price assumptions for the period 2016-2019 and given Kazakhstan's economy depends heavily on the oil sector, the agencies started downgrading Kazakhstan's sovereign credit ratings, with outlook on the long-term ratings being negative. The negative outlook reflects agencies' view of risks to Kazakhstan's external and monetary profiles under the current weak and volatile global commodity environment.

22 Contingencies, Commitments and Operating Risks (Continued)

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. This operating environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

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

Management determined impairment provisions by considering the economic situation and outlook at the end of the reporting period. Provisions for trade and other receivables are determined using the 'incurred loss' model required by the applicable accounting standards. These standards require recognition of impairment losses for receivables that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are.

The Company has the strategic importance for the Republic of Kazakhstan, since it combines the entities of electricity and energy complex providing the population and industrial entities with the electricity. The Government of the Republic of Kazakhstan has adopted the long-term energy sector development program envisaging the construction of new and reconstruction of the current power stations. The management expects that the Company will be supported by the Government of the Republic of Kazakhstan, since the electricity energy sector is the strategically important part of the country's economy.

Management believes it is taking all the necessary measures to support the sustainability and development of the Company's business.

Tax legislation

Kazakhstani tax legislation and practice are in a state of continuous development and therefore are subject to varying interpretations and frequent changes, which may be retroactive. Further, the interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Company may not coincide with that of management. As a result, transactions may be challenged by tax authorities and the Company may be assessed additional taxes, penalties and interest. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for five years. Under certain circumstances reviews may cover longer periods.

The Company's management is sure of accuracy of its interpretation of the norms of legislation and justification of the Company's positions in the issues of the tax, currency and customs legislation. In management's estimate, the Company will not incur significant losses on current and potential tax claims in excess of provisions made in these financial statements.

Insurance

The Kazakhstani insurance market is still being developed and many insurance services popular in other countries are still not available in Kazakhstan. The Company does not provide full insurance coverage for its production facilities, losses due to suspension of production or third party liabilities arising in connection with damages caused to properties or environment in the result of accidents or the Company's operations. Until the Company has an adequate insurance coverage, there is a risk that the loss or damage of certain assets might have a substantial negative impact on the Company's performance and financial position.

Legal proceedings

The Company is involved in certain other legal proceedings arising in the normal course of business. Management is of the opinion, at present there are no current other legal proceedings or other outstanding claims whose results could have a significant adverse effect on the Company's financial position.

23 Financial Instruments by Category

The financial instruments accounting policy principles were applied to the following items:

In thousands of Kazakhstani Tenge	**Note**	**31 December 2015**	**31 December 2014**
Cash and cash equivalents	11	6,635,292	9,280,080
Cash in credit institutes	10	26,626,827	24,831,080
Financial receivables	9	2,103,822	1,090,729
Dividends receivable	10	2,634,314	2,682,238
Borrowings and financial aid issued	7	64,947,706	37,606,768
Total financial assets		**102,947,961**	**75,490,895**
Borrowings	13	248,501,216	234,556,854
Financial payables	15	2,826,048	384,955
Total financial liabilities		**251,327,264**	**234,941,809**

24 Financial Risk Management

Financial risk factors

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

The Company manages financial, operating and legal risks. The main objective of financial risk management is determining limits of risk and further ensuring observance of the set limits. Management of operating and legal risks should ensure proper observance internal regulations and procedures to minimize operating and legal risks.

24 Financial Risk Management (Continued)

(a) Credit risk

The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its contractual obligations.

In thousands of Kazakhstani Tenge	**Rating (Moody's)**	**31 December 2015**	**31 December 2014**
Financial receivables	Not available	2,103,822	1,090,729
Dividends receivable	Not available	2,634,314	2,682,238
Borrowings and financial aid issued	Not available	64,947,706	37,606,768
Cash and cash equivalents:			
Bank CenterCredit	Ba2 (stable)	5,656	6,964
Khalyk Bank	Ba2 (negative)	2,001,971	7,361,790
Kazkommertsbank	B3 (negative)	895,588	1,151
ATF Bank	Caa2 (negative)	8,739	4,428
Bank of Astana	B2 (stable)	3,400,100	-
Tsesna Bank	B1 (stable)	323,238	1,811,869
Asyl-Invest	Not available	-	101
BCC Invest	Not available	-	9,682
Total cash on current bank accounts		6,635,292	9,195,985
Cash in credit institutes:			
Kazkommertsbank	B3 (negative)	-	11,084,709
RBK	B2 (stable)	9,335,814	2,370,550
Alliance Bank	B (negative)	-	1,895,971
ATF Bank	Caa2 (negative)	5,215,213	-
Eurasian Bank	Caa1 (negative)	51,235	-
Qazaq Banki	B3 (stable)	6,630,195	-
Bank of Astana	B2 (stable)	14,167	-
Bank CenterCredit	Ba2 (stable)	-	52,355
Temirbank	B2 (negative)	-	2,370,550
Tsesna Bank	B1 (stable)	5,380,203	6,382,250
Capital Bank	B3 (negative)	-	674,695
Total cash in financial institutions		26,626,827	24,831,080
Total maximum exposure to credit risk		**102,947,961**	**75,406,800**

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which are settled by a transfer of cash or another financial asset. The Company's approach to liquidity management consists in ensuring, to the extent possible, constant availability of the Company's liquid funds sufficient to repay its liabilities on time under both ordinary and stress conditions, preventing unacceptable losses and not compromising the Company's reputation.

24 Financial Risk Management (Continued)

The maturity analysis of financial liabilities of the Company, showing remaining maturities at the reporting date until contractual maturities, is as follows:

In thousands of Kazakhstani Tenge	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**Over 5 years**
At 31 December 2015					
Borrowings	79,231	11,838,835	5,123,191	20,637,783	130,811,092
Eurobonds	-	-	6,365,063	169,735,000	-
Other payables and accrued liabilities	-	2,826,048	-	-	-
Financial guarantees	-	-	1,221,949	8,978,705	22,463,887
Total financial liabilities	**79,231**	**14,664,883**	**12,710,203**	**199,351,488**	**153,274,979**
At 31 December 2014					
Borrowings	799,000	756,188	11,540,832	11,905,545	130,811,092
Eurobonds	-	-	3,099,415	91,174,998	-
Other payables and accrued liabilities	-	1,355,649	-	-	-
Financial guarantees	-	-	669,981	4,250,100	17,750,070
Total financial liabilities	**799,000**	**2,111,837**	**15,310,228**	**107,330,643**	**148,561,162**

(c) Market risk

Currency risk

Some borrowings of the Company (Note 13) and restricted cash (Note 11) are denominated in foreign currency (in US dollars and Euro), therefore the Company is exposed to currency risk. Due to limited choice derivative financial instruments in the Kazakhstani market and since such instruments are expensive, management decided not to hedge the Company's currency risk, since benefits from such instruments do not cover respective expenses. Despite this, the Company continues tracing changes in the market of financial derivatives for introduction of a hedging structure in the future or as necessary.

The table below summarises totals of assets and liabilities denominated in foreign currency causing exposure to currency risk:

In thousands of Kazakhstani Tenge	**US dollar**	**Euro**	**Other currencies**	**Total**
At 31 December 2015				
Assets	40,567,395	28,122	116	40,595,633
Liabilities	(170,040,908)	(25,899)	-	(170,066,807)
Net position	**(129,473,513)**	**2,223**	**116**	**(129,471,174)**
At 31 December 2014				
Assets	37,683,975	27,815	983	37,712,773
Liabilities	(91,289,137)	(2,064)	-	(91,291,201)
Net position	**(53,605,162)**	**25,751**	**983**	**(53,578,428)**

24 Financial Risk Management (Continued)

At 31 December 2015, if Tenge had weakened by 60% against the US dollar with all other variables held constant, the post-tax profit for the period would have decreased by Tenge 77,684,108 thousand (31 December 2014: decreased by Tenge 32,163,097 thousand), mainly as a result of foreign exchange losses on translation of US dollar denominated borrowings.

At 31 December 2015, if Tenge had strengthened by 20% against the US dollar with all other variables held constant, the post-tax profit for the period would have increased by Tenge 25,894,703 thousand (31 December 2014: increased by Tenge 10,721,032 thousand), mainly as a result of foreign exchange gains on translation of US dollar denominated borrowings.

At 31 December 2015, if Tenge had weakened by 60% against the Euro with all other variables held constant, the post-tax profit for the period would have increased by Tenge 1,334 thousand (31 December 2014: decreased/increased by Tenge 15,451 thousand).

At 31 December 2015, if Tenge had strengthen by 20% against the Euro with all other variables held constant, the post-tax profit for the period would have decreased by Tenge 445 thousand (31 December 2014: decreased/increased by Tenge 5,150 thousand).

Interest rate risk

Changes in interest rates affect mainly borrowings changing either their fair value (fixed interest rate debt liabilities), or future cash flows on such (floating interest rate debt liabilities). The Company's management does not have a formalized policy as to the ratio at which interest risks of the Company should be allocated between fixed interest rate loans and floating interest rate loans. However when attracting new borrowings, management decides as to which interest rate – fixed or floating – would be more beneficial for the Company during the expected period until maturity, based on its own judgments.

Management of Capital

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

In thousands of Kazakhstani Tenge	**Note**	**31 December 2015**	**31 December 2014**
Total borrowings	13	248,501,216	234,556,854
Less:			
Cash and cash equivalents	11	(6,635,292)	(9,280,080)
Net debt		241,865,924	225,276,774
Total equity		407,378,148	377,218,211
Total capital		649,244,072	602,494,985
Leverage ratio		**59.37%**	**59.72%**

25 Fair Value of Financial Instruments

Fair value measurement

Fair value is the amount at which a financial instrument could be exchanged during a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. The estimated fair values of financial instruments have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Republic of Kazakhstan continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the 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.

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.

Financial liabilities carried at amortized value

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

The estimated fair value of fixed interest rate instruments with stated 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:

In thousands of Kazakhstani Tenge	**31 December 2015**				**31 December 2014**			
	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	-	-	6,635,292	6,635,292	-	-	9,280,080	9,280,080
Deposits	-	-	26,626,827	26,626,827	-	-	24,831,080	24,831,080
Financial receivables	-	-	2,103,822	2,103,822	-	-	1,090,729	1,090,729
Dividends receivable	-	-	2,634,314	2,634,314	-	-	2,682,238	2,682,238
Loans issued	-	-	57,927,506	57,927,506	-	-	5,303,280	5,303,280
Bonds	6,835,820	-	-	7,020,200	32,176,017	-	-	32,303,488
Total financial assets	**6,835,820**	**-**	**95,927,761**	**102,947,961**	**32,176,017**	**-**	**43,187,407**	**75,490,895**
Liabilities								
Borrowings	164,224,827	-	69,059,547	248,501,216	90,765,407	-	139,819,627	234,557,448
Financial receivables	-	-	2,826,048	2,826,048	-	-	384,985	384,985
Financial guarantees issued	-	-	906,277	906,277	-	-	970,664	970,664
Total financial liabilities	**164,224,827**	-	**72,791,872**	**252,233,541**	**90,765,407**	**-**	**141,175,276**	**235,913,097**

26 Events After the End of the Reporting Period

During January 2016 and February 2016 the Group increased its share in Balkhashskaya TES to 39.2%.