



SAMRUK-ENERGY JSC

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

31 December 2014

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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 2014 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.



INDEPENDENT AUDITOR'S REPORT (continued)

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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 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Almaty, Kazakhstan
2 March 2015

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)

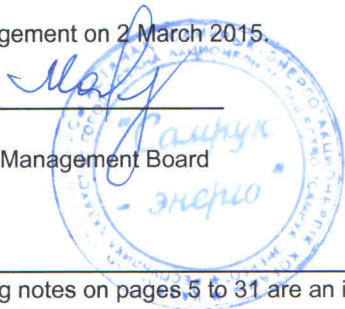


SAMRUK-ENERGY JSC
Separate Statement of Financial Position

<i>In thousands of Kazakhstani Tenge</i>	Note	31 December 2014	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,160,260	2,434,012
Intangible assets		812,966	239,864
Investments in subsidiaries and jointly controlled entities	7	525,809,479	266,788,073
Loans issued	8	30,452,681	26,016,368
Other non-current assets	9	1,375,724	12,890,143
Total non-current assets		559,611,110	308,368,460
Current assets			
Receivables	10	1,090,729	508,950
Inventories		48,500	40,442
Loans issued	8	7,154,087	6,836,103
Other current assets	11	27,701,304	43,960,382
Cash and cash equivalents	12	9,280,080	2,590,982
Non-current assets held for sale	13	8,509,038	5,000
Total current assets		53,783,738	53,941,859
TOTAL ASSETS		613,394,848	362,310,319
EQUITY			
Share capital	14	355,364,386	233,946,269
Other reserves		19,086,598	19,086,598
Retained earnings (retained loss)		2,767,227	(1,910,470)
TOTAL EQUITY		377,218,211	251,122,397
LIABILITIES			
Non-current liabilities			
Borrowings	15	218,514,149	107,832,387
Long-term financial guarantee	16	966,262	-
Total non-current liabilities		219,480,411	107,832,387
Current liabilities			
Borrowings	15	16,042,705	2,525,404
Other trade and other payables and accrued liabilities	17	384,955	777,452
Other taxes payable		264,134	52,679
Short-term financial liability	16	4,432	-
Total current liabilities		16,696,226	3,355,535
TOTAL LIABILITIES		236,176,637	111,187,922
TOTAL LIABILITIES AND EQUITY		613,394,848	362,310,319

Signed on behalf of management on 2 March 2015.

Kairat B. Maksutov
 Deputy Chairman of the Management Board



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

The accompanying notes on pages 5 to 31 are an integral part of these separate financial statements.

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

<i>In thousands of Kazakhstani Tenge</i>	Note	2014	2013
Dividend income		20,399,352	9,093,590
Other income		916,299	343,647
Other expenses	21	(929,631)	(18,402)
General and administrative expenses	18	(4,396,764)	(3,883,578)
Profit from main activity		15,989,256	5,535,257
Finance income	19	5,343,929	4,148,362
Finance costs	20	(20,026,874)	(6,703,158)
Gains less losses from exchange rate differences		11,558,815	1,126,483
Profit before income tax		12,865,126	4,106,944
Income tax expense	22	(517,916)	(298,907)
Profit for the year		12,347,210	3,808,037
Other comprehensive income		-	-
Total comprehensive income for the year		12,347,210	3,808,037

The accompanying notes on pages 5 to 31 are an integral part of these separate financial statements.

SAMRUK-ENERGO JSC
Separate Statement of Changes in Equity

<i>In thousands of Kazakhstani Tenge</i>	Note	Share capital	Other reserves	Retained earnings/ (Retained loss)	Total equity
Balance at 1 January 2013		222,868,957	22,440,221	(2,904,840)	242,404,338
Profit for the year		-	-	3,808,037	3,808,037
Total comprehensive income for the year		-	-	3,808,037	3,808,037
Increase of share capital	14	11,077,312	-	-	11,077,312
Other transactions with shareholder		-	(3,353,623)	-	(3,353,623)
Dividend payment		-	-	(2,813,667)	(2,813,667)
Balance at 31 December 2013		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	14	21,418,117	-	-	21,418,117
Income from initial recognition of loan from Samruk Kazyna	15	-	18,922,380	-	18,922,380
Reversal of income from initial recognition of loan from Samruk-Kazyna	15	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

The accompanying notes on pages 5 to 31 are an integral part of these separate financial statements.

SAMRUK-ENERGO JSC
Separate Statement of Cash Flows

<i>In thousands of Kazakhstani Tenge</i>	Note	2014	2013
Cash flows from operating activities:			
Profit before income tax		12,865,126	4,106,944
Adjustments for:			
Dividend income		(20,399,352)	(9,093,590)
Depreciation and amortisation		342,131	112,357
Finance costs	20	20,026,874	6,703,158
Finance income	19	(5,343,929)	(4,148,362)
Foreign exchange gain		(11,558,815)	-
Other proceeds		(646,521)	(326,893)
Operating cash flows before working capital changes:		(4,714,486)	(2,646,386)
Increase in inventories		(8,058)	(16,263)
Decrease/(increase) in other noncurrent assets		1,292,691	(528,956)
Decrease in accounts receivable		64,742	134,408
Decrease/(Increase) in accounts payable		(50,536)	293,947
Increase/(Decrease) other taxes payable		195,569	(261,539)
Other		-	(99,511)
Cash used in operating activities		(3,220,078)	(3,124,300)
Income tax paid		(517,916)	(298,907)
Dividends received		18,214,833	9,828,813
Interest paid		(16,891,082)	(3,513,279)
Net cash used in operating activities		(2,414,243)	2,892,327
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(2,217,677)	(903,181)
Acquisition of subsidiaries		(259,489,068)	(3,092,509)
Proceeds from sales of subsidiaries		45,500	
Proceeds from liquidation of subsidiaries		-	310,759
Borrowings and financial aid provided to subsidiaries and jointly controlled entities		(8,700,000)	(8,477,192)
Acquisition of debt instruments		(10,393,116)	(5,340,647)
Contribution to Balkhash TES JSC charter capital		(6,059,620)	(554,000)
Placement of bank deposits, net		38,623,743	(54,182,489)
Interest received		4,564,033	3,277,452
Repayment of financial aid provided to subsidiaries and jointly controlled entities		14,868,398	5,657,958
Proceeds from sale of financial instruments		412,739	22,367
Other		488,095	-
Net cash used in investing activities		(227,856,973)	(63,281,482)
Cash flows from financing activities			
Proceeds from issue of shares	15	21,418,117	-
Proceeds from issue of bonds		-	2,956,595
Proceeds from borrowings		208,943,000	
Repayment of loans from Samruk-Kazyna		(2,381,109)	(2,381,109)
Dividends paid		(8,170,605)	(2,813,667)
Others		(30,111)	(3,991,200)
Net cash flows used in financial activities		219,779,292	(6,229,381)
Foreign exchange difference effect on cash and cash equivalents		17,181,022	438,763
Net (decrease) /increase in cash and cash equivalents		6,689,098	(66,179,773)
Cash and cash equivalents at the beginning of the year	12	2,590,982	68,770,755
Cash and cash equivalents at the end of the year	12	9,280,080	2,590,982

The accompanying notes on pages 5 to 31 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 7), 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 4. Actual results could differ from those estimates.

Currency exchange rates

At 31 December 2014 the official rate used for translating foreign currency balances was Tenge 182.35 = US Dollar (31 December 2012: Tenge 153.61 = 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.

	<u>Useful lives in years</u>
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 at 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.

3 New Accounting Pronouncements

The following new standards and interpretations became effective for the Group from 1 January 2014:

“Offsetting Financial Assets and Financial Liabilities” - Amendments to IAS 32 (Issued in December 2011 and effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of ‘currently has a legally enforceable right of set-off’ and that some gross settlement systems may be considered equivalent to net settlement. The standard clarified that a qualifying right of set off 1) must not be contingent on a future event and 2) must be legally enforceable in all of the following circumstances: (a) in the normal course of business, (b) the event of default and (c) the event of insolvency or bankruptcy. The amended standard did not have a material impact on the Company.

3 New Accounting Pronouncements (Continued)

“Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment entities” (issued on 31 October 2012 and effective for annual periods beginning 1 January 2014). The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity is required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity’s investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. The amended standard did not have a material impact on the Company.

IFRIC 21 – “Levies” (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The interpretation did not have a material impact on the Company.

Amendments to IAS 36 – “Recoverable amount disclosures for non-financial assets” (issued in May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period). The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. The amended standard did not have a material impact on the Company.

Amendments to IAS 39 – “Novation of Derivatives and Continuation of Hedge Accounting” (issued in June 2013 and effective for annual periods beginning 1 January 2014). The amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e. parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The amended standard did not have a material impact on the Company.

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2015 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.

IFRS 15 IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The Company is currently assessing the impact of the new standard on its financial statements.

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 amendment is not expected to have any material impact on the Company's financial statements.

Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). 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 2014.

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 Company is currently assessing the impact of the amendment on its 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 Company is currently assessing the impact of the amendment on its financial statements.

3 New Accounting Pronouncements (Continued)

IFRS 14 "Deferred charges for activities conducted under regulated tariffs" (issued in January 2014 and effective for annual periods beginning on or after January 1, 2016 or after this date). IFRS 14 allows entities to prepare financial statements for the first time under IFRS to recognize the transition to IFRS amounts related to activities at regulated tariffs, in accordance with previous GAAP. However, to improve the comparability with companies already adopted, but does not recognize such amounts, the standard requires that the effects of rate regulation are presented separately from other articles. This standard does not extend to entities that already represent financial statements prepared in accordance with IFRS.

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. The amendment will not have material impact on Company's financial statements.

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. The amendment will not have material impact on Company's financial statements.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). 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. The amendment standards will not have material impact on Company's consolidated financial statements.

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 grapevines, 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. The amendment will not have material impact on Company's financial statements.

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. The Company is currently assessing the impact of the amendments on its 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. The Company is currently assessing the impact of the amendments on its financial statements.

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 four 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”. The Company is currently assessing the impact of the amendments on its financial statements.

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

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

Preparation of the financial statements in conformity with IFRS requires the use of certain accounting estimates by the Company that impact the applied accounting policies, assets and liabilities, income and expenses recognised in the financial statements. Actual results may differ from these estimates.

Impairment of investments to Samruk Green Energy LLP

According to IAS 36 one of the signs of impairment is presence of significant changes that had negative impact on the Company during the period or those expected in the near future in technical, market, economical or legal environment in which the Company operates or on the market for which the asset is designated.

Investment to Samruk Green Energy LLP

Management concluded that changes in the legislation concerning renewable energy sources, adopted in 2014 have negative impact of the recoverable amount of assets, this being considered as sign of impairment. Management assessed the recoverable amount of Kapchagai solar power station on the balance of Samruk Green Energy LLP based on the usage costs, determined as total of estimated discounted future cash flows that the Company expects to obtain from the use. The key assumptions used by management in determining the usage costs are as follows:

- Estimated electric power sales volume, thous. of kWh:

	2015	2016	2017	2018	2019
Electric power sales volume, thous. kWh	3 608,00	3 606,20	3 604,39	3 602,59	3 600,79
Average electric power tariff, exclusive of VAT	68,65	68,65	68,65	68,65	68,65

- Pre-tax discount rate is 14,5%
- Long term inflation rate is 7%

Management determined the estimated profit based on the previous year performance and its expectations with regards to market development. Average growth rates used in calculations correspond to the forecast calculations as per industry reports.

As a result of impairment test, management recognised loss from impairment of investments to Samruk Green Energy LLP at 31 December 2014 of Tenge 739 235 thousand (Note 21).

5 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 2013 and 31 December 2014 is detailed below.

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

<i>In thousands of Kazakhstani Tenge</i>	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	12	-	-	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	16	129,875,736	-	725,000
Interest payable on loans received		941,723	-	-

At 31 December 2013, the outstanding balances with related parties were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Note	Shareholder	Companies under common control	Subsidiaries and JVs
Loan issued to subsidiary		-	-	8,957,071
Financial aid provided to subsidiaries and jointly controlled entities		-	-	2,172,199
Other current assets		-	9,587,417	402,051
Dividends receivable	12	-	-	759,191
Related party securities		218,239	3,083,606	17,996,673
Other trade and other payables and accrued liabilities		-	44,877	60
Borrowings	16	30,804,906	-	-

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

<i>In thousands of Kazakhstani Tenge</i>	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)

5 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year ended 31 December 2013 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Shareholder	Companies under common control	Subsidiaries and JVs
Dividend income	-	-	9,039,590
Finance income	11,446	147,135	1,849,451
Finance costs	2,271,601	-	-
General and administrative expenses	-	73,009	-
Other income	-	-	326,893

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel compensation for the period ended 31 December 2014, including salaries, bonuses and other short-term benefits to employees is Tenge 330,205 thousand (for the period ended 31 December 2013: Tenge 345,475 thousand). Key management personnel at 31 December 2014 consists of 9 persons (2013: 9 persons).

6 Property, Plant and Equipment

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

<i>In thousands of Kazakhstani Tenge</i>	Other	Construction in progress	Total
Cost at 1 January 2013	244,065	1,081,596	1,325,661
Accumulated depreciation and impairment	(91,405)	-	(91,405)
Carrying amount at 1 January 2013	152,660	1,081,596	1,234,256
Additions	481,218	1,015,664	1,496,882
Transfers	-	-	-
Depreciation	(40,050)	-	(40,050)
Disposals	-	(130,357)	(130,357)
Transfer to other assets	-	(126,719)	(126,719)
Carrying amount at 31 December 2013	593,828	1,840,184	2,434,012
Additions	204,630	830,749	1,035,379
Transfers	1,743,576	-	1,743,576
Depreciation	(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
Cost at 31 December 2014	936,439	505,468	1,441,907
Accumulated depreciation and impairment	(281,647)	-	(281,647)
Carrying amount at 31 December 2014	654,792	505,468	1,160,260

SAMRUK-ENERG JSC
Notes to the Separate Financial Statements – 31 December 2014

7 Investments in Subsidiaries and Joint Ventures

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	Ownership percentage at 31 December 2014
Note				
<i>a) Investments to subsidiaries</i>				
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%
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	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	
<i>b) Investments to joint ventures</i>				
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%
Zhambylskaya GRES named after T.I. Baturov JSC	04.01.2008	Kazakhstan	855,250	50%
<i>c) Investments to associates</i>				
Balkhashskaya TES JSC	24.06.2008	Kazakhstan	10,695,110	25%
<i>Less:</i>				
Impairment of investments	4		(3,290,162)	
Total investments			525,809,479	

On 24 July 2014, Board of Directors approved the disposal of number of subsidiaries including of EKREDC, SET, MEDC, Aktobe TEC, ZhGRES, in accordance with the Governmental Decree on privatization of national companies. At 31 December 2014 investments to EKREC, ShET, MEDNC, Aktobe TES, ZhGRES were included into non-current assets held for sale.

At 31 December 2013 the carrying amount of investments was as follows:

	Date of acquisition	Country of registration	Carrying amount of investments at 31 December 2013, in thousands of tenge	Ownership percentage at 31 December 2013
<i>a) Investments to subsidiaries</i>				
Alatau Zharyk Company JSC	29.07.2009	Kazakhstan	53,171,323	100%
Almaty Power Stations JSC	26.07.2011	Kazakhstan	30,212,480	100%
AlmatyEnergoSbyt LLP	26.07.2011	Kazakhstan	136,003	100%
Moinak HPS JSC	04.01.2008	Kazakhstan	3,514,616	51%
Bukhtarminskaya HPS JSC	04.01.2008	Kazakhstan	1,050,790	90%
Shulbinskaya HPS JSC	04.01.2008	Kazakhstan	1,230,658	92.14%
Shardara HPS JSC	03.06.2011	Kazakhstan	482,667	100%
Ust-Kamenogorskaya HPS JSC	04.01.2008	Kazakhstan	465,019	90%
Samruk-Green Energy LLP	13.06.2012	Kazakhstan	3,135,651	100%
MEDNC JSC	04.01.2008	Kazakhstan	785,297	75% + 1 share
Tegis-Munai JSC	29.12.2012	Kazakhstan	9,835,274	100%
East Kazakhstan Distribution Company JSC	31.03.2012	Kazakhstan	7,723,741	100%

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Notes to the Separate Financial Statements – 31 December 2014

7 Investments to subsidiaries and ventures (Continued)

	Date of acquisition	Country of registration	Carrying amount of investments at 31 December 2013, in thousands of tenge	Ownership percentage at 31 December 2013
<i>b) Investments to joint ventures</i>				
Ekibastuzskaya GRES-1 named after Bulat Nurzhanov LLP	31.10.2012	Kazakhstan	101,620,065	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%
Forum Muider B.V.	23.12.2008	The Netherlands	41,759,543	50%
<i>c) Investments to associates</i>				
Balkhashskaya TES JSC	24.06.2008	Kazakhstan	4,635,490	25%
<i>Less:</i>				
Impairment of investments			(2,550,927)	
Total investments			266,788,073	

Transactions and balances with subsidiaries and joint ventures are disclosed in Note 5.

8 Loans Issued

<i>In thousands of Kazakhstani Tenge</i>	31 December 2014	31 December 2013
<i>Non-current portion</i>		
Alatau Zharyk Company JSC bonds	10,550,029	10,550,029
Almaty Power Stations JSC bonds	10,412,109	6,163,000
Loan issued to Alatau Zharyk Company JSC	3,157,212	2,933,719
MEDNC JSC bonds	1,186,353	1,283,644
Loan issued to EKREC JSC	1,279,978	1,791,969
Kazakhstan Engineering JSC bonds	3,647,000	3,072,200
Samruk-Kazyna SWF JSC bonds	220,000	220,000
Other	-	1,807
Total loans issued – non-current portion	30,452,681	26,016,368
<i>Current portion</i>		
Almaty Power Stations JSC bonds	6,287,997	4,793
ACC JSC bonds	-	300,000
Loan issued to EKREC JSC	511,991	255,996
Interest accrued on loans issued to Alatau Zharyk Company JSC	69,689	69,690
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	3,675,387
Financial aid provided to Almaty Power Stations JSC	-	2,141,809
Loan issued to Aktobe TES JSC	200,000	300,000
Other	48,578	58,038
Total loans issued – current portion	7,154,087	6,836,103

8 Loans issued (Continued)

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.

9 Other Non-current Assets

<i>In thousands of Kazakhstani Tenge</i>	31 December 2014	31 December 2013
Advanced paid for non-current assets	1,299,576	-
Cash in banks	-	12,659,251
Other non-current assets	76,148	230,892
Total Other non-current assets	1,375,724	12,890,143

10 Receivables

	31 December 2014	31 December 2013
Receivables from The First Wind Power Plant LLP	1,076,792	360,055
Trade and other receivables from UK HTS	-	132,756
Other trade and other receivables	13,937	16,139
Total financial trade and other receivables	1,090,729	508,950

11 Other Current Assets

<i>In thousands of Kazakhstani Tenge</i>	31 December 2014	31 December 2013
Short-term deposits	24,831,080	42,350,162
Dividends receivable	2,682,238	759,191
Advanced paid	34,308	404,780
Income tax prepaid	-	104,415
Other taxes prepaid	112,251	153,428
Deferred expenses	10,378	5,945
Receivables from employees	22,991	7,063
Other	8,058	175,398
Total other current assets	27,701,304	43,960,382

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12 Cash and Cash Equivalents

<i>In thousands of Kazakhstani Tenge</i>	31 December 2014	31 December 2013
Cash on bank accounts – USD	8,390,241	2,484,723
Cash on bank accounts – EUR	27,815	-
Cash on bank accounts – KZT	777,929	70,620
Cash in transit	82,969	34,432
Cash on hand	1,126	884
Cash on time deposits– EUR	-	323
Total cash and cash equivalents	9,280,080	2,590,982

13 Non-current Assets Held For Sale

On 24 July 2014, the Board of Directors approved of a plan of sales of subsidiaries as per the resolution of the government on privatization of non-core assets. At 31 December 2014, investments in EKREC, ShET, MREC, Aktobe TETs, Zhambyl GRES were included into non-current assets held for sale.

14 Capital

Share capital

	Issue date	Number of declared and issued shares	Value, KZT	Share capital, 000'KZT
Paid-in capital at 1 January 2013		5,418,513		222,868,957
9 th issue of shares (phase 4)	31 March 2013	30,713	251,481	7,723,741
10 th issue of shares	31 March 2013	14,211	235,984	3,353,571
Paid-in capital at 31 December 2013		5,463,437		233,946,269
11 th issue of shares	26 March 2014	21,000	1,000,000	21,000,000
12 th issue of shares	6 October 2014	100,000	1,000,000	100,000,000
13 th 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

At 31 December 2014, 5,585,437 issued ordinary shares were fully paid (2013: 5,463,437 shares). Each ordinary share gives a right of one vote. The Company does not have preference shares.

At 31 December 2014, NWF Samruk-Kazyna is a 100% shareholder of the Company (2013: 100%).

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15 Borrowings

<i>In thousands of Kazakhstani Tenge</i>	31 December 2014	31 December 2013
Long-term portion		
Borrowings from Samruk-Kazyna	127,617,869	28,367,143
Eurobonds	90,896,280	79,465,244
Total borrowings – long-term portion	218,514,149	107,832,387
Short-term portion		
Bank loans	8,218,000	-
Borrowings from Samruk-Kazyna	2,257,866	2,257,866
Borrowing from Bukhtarma GES	725,001	-
Bonds	2,940,813	-
Interest accrued – borrowings from Samruk-Kazyna	941,723	179,897
Interest accrued – Eurobonds	129,115	87,641
Interest accrued – bank loans	31,187	-
Other	799,000	-
Total short-term portion	16,042,705	2,525,404
Total borrowings	234,556,854	110,357,791

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

<i>In thousands of Kazakhstani Tenge</i>	31 December 2014		31 December 2013	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Borrowings	132,341,459	131,570,440	30,804,906	28,815,469
Bonds	93,966,208	90,765,407	79,552,885	79,552,885
Bank loans	8,249,187	8,249,187	-	-
Total borrowings	234,556,854	230,585,034	110,357,791	108,368,354

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.

15 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.

Thus, the Company cancelled income from initial recognition of the loan from Samruk-Kazyna.

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 Group issued and placed the full amount of Eurobonds in the amount of USD 500,000 thousand.

During the first half of 2013 the Group placed bonds at the Kazakhstan stock exchange for a total of KZT 2,956,595 thousand payable in November 2015. The coupon interest rate amounted to 6% per annum.

On 11 February 2014, 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 155.56 to KZT 182.35 185 for USD 1 at 31 December 2014. The Group recognized an exchange loss of KZT 14,370,000 thousand with respect to Eurobonds denominated in US dollars.

ATF Bank

On 13 October and 14 November 2014, the Group concluded a general loan agreement with ATF Bank. Interest is payable on a monthly basis and amounts to 9% per annum.

16 Financial Guarantees

At 31 December 2014, the Company has a guarantee issued for the loan received by First wind power station LLP. 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.

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17 Other Payables and Accrued liabilities

<i>In thousands of Kazakhstani Tenge</i>	31 December 2014	31 December 2013
Payables to suppliers and contractors	267,633	663,795
Other payables	117,352	113,657
Total financial payables	384,985	777,452

18 General and Administrative expenses

<i>In thousands of Kazakhstani Tenge</i>	2014	2013
Salaries and related costs	1,838,094	1,873,464
Consulting and other services	514,519	651,718
Rent expenses	270,307	317,291
Sponsorship	331,271	290,729
Depreciation and amortization	342,131	112,361
Business trip expenses	113,979	108,134
Membership fees	59,408	99,334
Communication costs	22,694	50,852
Medical insurance	21,988	25,419
Staff training and related costs	34,765	24,767
Social tax	157,104	23,335
Other	690,504	306,174
Total general and administrative expenses	4,396,764	3,883,578

19 Finance Income

<i>In thousands of Kazakhstani Tenge</i>	2014	2013
Interest income on bank deposits	2,415,511	2,237,268
Interest income on bonds	2,083,547	1,266,452
Interest income on financial aid issued	613,188	400,122
Amortization of discount on financial aid issued	230,805	222,153
Other	878	22,367
Total finance income	5,343,929	4,148,362

20 Finance Costs

<i>In thousands of Kazakhstani Tenge</i>	2014	2013
Interest expense on debt securities	3,653,298	2,994,569
Amortization of discount of present value on loans and financial aid from shareholders	2,132,928	1,658,634
Foreign exchange difference	-	1,432,757
Interest expense on borrowings	14,077,357	612,968
Other	163,291	4,230
Total finance costs	20,026,874	6,703,158

21 Other Operating Expenses

<i>In thousands of Kazakhstani Tenge</i>	2014	2013
Impairment of investment in Samruk-Green Energy LLP	739,235	-
Other	190,396	18,402
Total other operating expenses	929,631	18,402

22 Income Taxes

<i>In thousands of Kazakhstani Tenge</i>	2014	2013
Current tax	517,916	298,907
Deferred tax	-	-
Total income tax expense	517,916	298,907

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

<i>In thousands of Kazakhstani Tenge</i>	2014	2013
IFRS profit before tax	12,865,126	4,106,944
Theoretical tax charge at statutory rate of 20% (2013: 20%)	2,573,025	821,389
Adjustments for:		
Dividend income	(4,079,870)	(1,818,718)
Non-deductible expenses	179,276	112,232
Adjustment of income tax of previous years	-	-
Withholding income tax	391,350	293,618
Permanent difference on loans from Samruk Kazyna		
Other	100,218	20,528
Changes in unrecognized deferred income tax assets	1,353,917	869,858
Total Income tax expense	517,916	298,907

22 Income Taxes (Continued)

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.

	1 January 2014	Charged/ (credited) to profit or loss	Charged/ (credited) directly to equity	31 December 2014
<i>In thousands of Kazakhstani Tenge</i>				
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 and associated entities	82,198	183,858	-	266,056
Other payables	(1,989)	1,989	-	-
Other receivables	-	54,963	-	54,963
Gross deferred income tax assets	4,958,248	997,419	-	5,955,667
Unrecognized tax assets	(1,141,685)	(1,353,917)	-	(2,768,602)
Less offset with deferred income tax liabilities	(3,543,563)	356,499	-	(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	(37,297)	37,297	-	-
Gross deferred income tax liabilities	(3,543,563)	356,499	-	(3,187,064)
Less offset with deferred income tax assets	3,543,563	(356,499)	-	3,187,064
Recognized deferred income tax liabilities	-	-	-	-

The Company did not recognize the deferred income tax asset of KZT 1,353,917 thousand with respect to tax loss carry forwards incurred by the Company, from which taxable profit is not expected.

22 Income Taxes (Continued)

	1 January 2013	Charged/ (credited) to profit or loss	Charged/ (credited) directly to equity	31 December 2013
<i>In thousands of Kazakhstani Tenge</i>				
Tax effect of deductible temporary differences				
Tax loss carry forwards	3,403,494	642,378	-	4,045,872
Loans to subsidiaries, joint ventures and associates	852,988	(39,732)	-	813,256
Investments in subsidiaries, joint ventures and associates	82,198	-	-	82,198
Other	3,132	(5,121)	-	(1,988)
Gross deferred income tax assets				
Unrecognized tax assets	(525,917)	(869,858)	-	(1,395,775)
Less offset with deferred income tax liabilities	(3,815,896)	272,333	-	(3,543,563)
Recognized deferred income tax assets				
	-	-	-	-
Tax effect of taxable temporary differences				
Property, plant and equipment	(32,647)	(43,580)	-	(76,227)
Borrowings	(3,770,070)	340,031	-	(3,430,039)
Other	(13,179)	(24,118)	-	(37,297)
Gross deferred income tax liabilities				
Less offset with deferred income tax assets	3,815,896	(272,333)	-	3,543,563
Recognized deferred income tax liabilities				
	-	-	-	-

23 Contingencies and Commitments and Operating Risks

Political and economic situation in the Republic of Kazakhstan

In general, the economy of Kazakhstan continues to display the characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible outside of the country and a low level of liquidity of the state and private stock markets and the lack of relevancy and transparency of markets. The country's economy is especially sensitive to prices for mineral resources, in particular, for oil and gas. The legislative, tax and regulatory system continues to develop and is subject to frequent changes.

The economy of Kazakhstan is also substantially dependent on the economy of the Russian Federation. The political and economic instability observed recently in Russia, in particular, events in Ukraine, including introduced and future international sanctions in respect of certain Russian companies, can have an adverse effect on the economy of Kazakhstan, consequences of which can be hardly projected. Since November 2014, the Russian rouble significantly devalued.

The present uncertainty and volatility of financial markets and other risks can have an adverse effect on the financial and corporate sectors of economy. The future economic situation and regulatory environment can differ from management's expectations. These prospects of the economic stability of the Republic of Kazakhstan in 2015-2016 are largely dependent upon the effectiveness of measures undertaken by the government. There can be unpredictable changes in fiscal and economic conditions, which can have an adverse effect on the Company's operating activities.

Management is unable to predict all the tendencies which could affect the development of the financial sector and economy as a whole and what effect, if any, they can have on the Company's financial position in the future. Management believes that it undertakes all necessary measures to maintain sustainability and development of the Company's operations.

On 11 February 2014, the National Bank of the Republic of Kazakhstan stopped supporting the Tenge exchange rate and decreased currency interventions. As a result, the exchange rate of Tenge depreciated to KZT 185 for USD 1, or about 19%. Since then the KZT exchange rate has not changed significantly.

23 Contingencies and Commitments and Operating Risks (Continued)

Besides, the Kazakhstan's electric energy sector is subject to political, legislative, tax and regulatory changes. The prospects of the economic stability of the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the government and development of the legislative, regulatory and political systems, i.e. circumstances, which are beyond control of the Group.

Management determined impairment provisions considering the current economic situation and forecast as of the end of the reporting period. The provisions for impairment of receivables on principal activities and other receivables were determined using the incurred loss model provided for by applicable financial reporting standards. These standards require recognition of losses from impairment of receivables related to past events and prohibit recognition of losses related to future events regardless of the extent of probability of those events.

The Group has strategic significance for the Republic of Kazakhstan, since it unites enterprises of the electric power complex ensuring electricity supply to population and industrial enterprises. The government of the Republic of Kazakhstan accepted a long-term program of development of the energy sector of economy, providing for construction of new and reconstruction of operating electric power plants. Management expects that the Company will receive support of the government of the Republic of Kazakhstan, since the electric energy industry is a strategic part of the country's economy.

Management is unable to predict the extent and duration of all the changes in the Kazakhstani economy or evaluate their possible effect on the Company's financial position in the future. Management believes that it undertakes all the necessary measures to support the sustainability and growth of the Company's operations in the current situation.

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.

24 Financial Instruments by Category

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

<i>In thousands of Kazakhstani Tenge</i>	Note	31 December 2014	31 December 2013
Cash and cash equivalents	12	9,280,080	2,590,982
Cash in credit institutes	11	24,831,080	55,009,413
Financial receivables	10	1,090,729	508,950
Dividends receivable	11	2,682,238	759,191
Borrowings and financial aid issued	8	37,606,768	32,852,471
Total financial assets		75,490,895	91,212,057
Borrowings	15	234,556,854	110,357,791
Financial payables	17	384,985	777,452
Total financial liabilities		234,941,839	111,135,243

25 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.

25 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.

<i>In thousands of Kazakhstani Tenge</i>	Rating (Moody's)	31 December 2014	31 December 2013
Financial receivables	Not available	1,090,729	508,950
Dividends receivable	Not available	2,682,238	759,191
Borrowings and financial aid issued	Not available	37,606,768	32,852,471
Cash and cash equivalents:			
Nurbank	B2 (negative)	-	45,309
Bank CenterCredit	Ba2 (stable)	6,964	22,149
Khalyk Bank	Ba2 (stable)	7,361,790	2,522,142
Kazkommertsbank	Ba2 (stable)	1,151	499
ATF Bank	B3 (negative)	4,428	-
Eurasian Bank	B1 (negative)	-	-
Kassa Nova	Not available	-	-
Tsesna Bank	Ba2 (stable)	1,811,869	-
Sberbank	Baa3 (negative)	-	-
Asyl-Invest	Not available	101	-
BCC Invest	Not available	9,682	-
Total cash on current bank accounts		9,195,985	2,590,099
Cash in credit institutes:			
Kazkommertsbank	Ba2 (stable)	11,084,709	14,900,170
RBK	B2 (negative)	2,370,550	2,832,760
Alliance Bank	B (negative)	1,895,971	4,976,745
ATF Bank	B3 (negative)	-	14,724,900
Eurasian Bank	Ba2 (stable)	-	2,918,590
Kazinvestbank	B3 (negative)	-	400,000
Nurbank	B2 (negative)	-	1,536,100
Bank CenterCredit	Ba2 (stable)	52,355	5,685,575
Temirbank	B2 (negative)	2,370,550	4,608,300
Tsesna Bank	Ba2 (stable)	6,382,250	2,426,273
Capital Bank	B3 (negative)	674,695	-
Total cash in financial institutions		24,831,080	55,009,413
Total maximum exposure to credit risk		75,406,800	91,720,194

(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.

25 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:

<i>In thousands of Kazakhstani Tenge</i>	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
<i>At 31 December 2014</i>					
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
<i>At 31 December 2013</i>					
Borrowings	-	2,693,982	298,586	11,684,542	36,386,301
Eurobonds	-	-	2,992,319	88,738,551	-
Other payables and accrued liabilities	830,452	-	-	-	-
Total financial liabilities	830,452	2,693,982	3,290,905	100,423,093	36,386,301

(c) Market risk

Currency risk

Some borrowings of the Company (Note 15) and restricted cash (Note 12) 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:

<i>In thousands of Kazakhstani Tenge</i>	US dollar	Euro	Other currencies	Total
<i>At 31 December 2014</i>				
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)
<i>Ha 31 December 2013</i>				
Assets	49,460,637	323	55,995	49,516,955
Liabilities	(76,749,978)	(1,808)	(1,037)	(76,752,823)
Net position	(27,289,341)	(1,485)	54,958	(27,235,868)

25 Financial Risk Management (Continued)

At 31 December 2014 if KZT weakened/strengthened by 30% against US dollar, with all other variables held constant, profit after tax for the year would decrease/increase by KZT 5,342,633 thousand (31 December 2013: decrease/increase by KZT 8,186,802 thousand), mainly as a result of exchange gains/losses from translation of USD denominated loans.

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.

<i>In thousands of Kazakhstani Tenge</i>	Note	31 December 2014	31 December 2013
Total borrowings	16	234,556,854	110,357,791
<i>Less:</i>			
Cash and cash equivalents	13	(9,280,080)	(2,590,982)
Net debt		225,276,774	107,766,809
Total equity		377,218,211	251,122,397
Total capital		602,494,985	358,889,206
Leverage ratio		59.72%	42.91%

26 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.

26 Fair Value of Financial Instruments (Continued)

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:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2014				31 December 2013			
	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Carrying value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Carrying value
ASSETS								
Cash and cash equivalents	-	-	9,280,080	9,280,080	-	-	2,590,982	2,590,982
Deposits	-	-	24,831,080	24,831,080	-	-	42,350,162	42,350,162
Financial receivables	-	-	1,090,729	1,090,729	-	-	508,950	508,950
Dividends receivable	-	-	2,682,238	2,682,238	-	-	759,191	759,191
Loans issued	-	-	5,303,280	5,303,280	-	-	11,258,805	11,258,805
Bonds	32,176,017	-	-	32,303,488	22,543,398	-	-	21,593,666
Total financial assets	32,176,017	-	43,187,407	75,490,895	22,543,398	-	57,468,090	79,061,756
Liabilities								
Borrowings	90,765,407	-	139,819,627	234,557,448	79,552,885	-	28,815,469	110,357,791
Financial receivables	-	-	384,985	384,985	-	-	663,795	663,795
Financial guarantees issued	-	-	970,664	970,664	-	-	-	-
Total financial liabilities	90,765,407	-	141,175,276	235,913,097	79,552,885	-	29,479,264	111,021,586

27 Events After the End of the Reporting Period

After the reporting date, there were no significant events requiring disclosures in the separate financial statements.