“SAMRUK-ENERGY” JSC

International Financial Reporting Standards
Separate Financial Statement and
the Report of an independent auditor

31 December 2017

Contents

Independent auditor's report

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

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Samruk-Energy JSC (the "Company") as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2017;
- the separate statement of profit and loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers LLP
34 Al-Farabi Ave., Building A, 4th floor, 050059, Almaty, Kazakhstan
T: +7 (727) 330-3200, F: +7 (727) 244 6868, www.pwc.com/kz

Our audit approach

Overview

- Overall materiality: 1.5 billion Tenge, which approximately represents 0.26% of the Company's total assets.

- We conducted full scope audit cover the Company.

- Impairment of investment in subsidiary – "Ekibastuzskaya GRES- 1 named after Bulat Nurzhanov LLP" ("EGRES-1");
- Impairment of investment in joint venture- "Station Ekibastuz GRES-2" JSC ("EGRES-2");
- Impairment of investment in associate - "Balkhash Thermal Power Plant" JSC ("BTPP"),
- Contingent liability from Put option on BTPP shares.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the separate financial statements as a whole.

Overall Company materiality	1.5 billion Tenge
How we determined it	0.26% of total assets
Rationale for the materiality benchmark applied	We chose total assets value of the Company as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We have established materiality at the level of 0.26%. In practice, we set materiality at the level of 1%, which falls within the range of acceptable quantitative thresholds of materiality applicable to enterprises focused on investing in this sector, but in this case we have reduced this level to 0.26% based on our assessment of materiality that applied for consolidated statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Impairment of investment in subsidiary EGRES-1 *See Note 4 of the separate financial statements.* As of 31 December 2017 Company's Management conducted analysis of impairment indicators of its investments in subsidiaries. Based on analysis performed recent changes in regulatory tariffs law and lower actual weighted average tariffs are the factors of possible impairment of non-financial assets of EGRES-1, and therefore Company's investment in EGRES-1. We paid special attention to the issue of impairment of investment in EGRES-1 due to identified impairment indicators, significance of carrying value of investment in EGRES-1 (Tenge 338,272,063 thousand as at 31 December 2017, comprising 59% of the assets of the Company), as well as due to the fact that estimating values in use of investments is complex as it is based on the use of significant estimates and judgments with respect to future market and economic conditions and the results of operations of the Company.	The Company engaged independent experts to carry out the impairment test of fixed assets and intangible assets of EGRES-1, and accordingly Company's investment in EGRES-1. We received, inspected and evaluated the models used by management's experts to assess the impairment of non-financial assets and assessed the methodology and the main assumptions used in the models, and their consistency with the budgets and business plans, external information and our expertise, taking into account the specifics of the industry. We engaged our valuation experts to form our conclusion in relation to the assumptions and methodology used for impairment assessment. Our procedures in respect of management's assessment of the impairment of investment in EGRES-1 included: • assessment of competence, qualifications, experience and objectivity of independent experts, involved by management; • analysis of determining identifiable groups of assets that generate cash inflows independently from the cash flows generated by other assets; • verification of accuracy and relevance of key assumptions used by management to perform the test; • consideration of other input data for the models and reconciliation of them with supporting documents, such as the Development plan and comparison of the Development plan with actual results, where relevant;

Key audit matter	*How our audit addressed the key audit matter*
	• making a series of inquiries with management to assess the impairment tests; • comparison of actual performance for the year against prior year forecast; • consideration of the potential impact of reasonably possible changes in key assumptions. Also, we paid attention to the adequacy of disclosures in Note 4 to the separate financial statements in accordance with the requirements of IAS 36 "Impairment of Assets". As a result of the procedures performed, we came to the conclusion that the key assumptions used by management are appropriate in the current circumstances and respective disclosures meet the requirements of IAS 36 "Impairment of Assets".
Impairment of investment in EGRES-2 *See Note 4 of the separate financial statements* Based on impairment analysis performed as of 31 December 2017 management concluded that decrease in the level of the weighted-average tariff and changes in the volume of production and sales of electricity are the factors of possible impairment of non-financial assets of EGRES-2, and therefore Company's investment in EGRES-2. As of 31 December 2017 the carrying value of the Company's investment in EGRES-2 amounts to Tenge 8,725,133 thousand. We paid special attention to the issue of impairment of the investment due to significance of its carrying value and the complexity of the process of evaluating its recoverable value.	We have reviewed the working papers of the component auditor and discussed the key assumptions and the methodology used in the impairment test models on property, plant and equipment of EGRES-2, made by management of EGRES-2. We assessed whether key assumptions are in line with our understanding of EGRES-2 operations. We also discussed with management of the Company and the Audit Committee plans in respect of this investment. Also, we paid attention to the adequacy of disclosures in Note 4 to the separate financial statements in accordance with the requirements of IAS 36 "Impairment of Assets". As a result of the procedures performed, we came to the conclusion that the key assumptions used by management are appropriate in the current circumstances, there is no need to recognise impairment loss in the separate financial statements, and respective disclosures meet the requirements of IAS 36 "Impairment of Assets".

Key audit matter	*How our audit addressed the key audit matter*
Impairment of investment in BTPP *See Notes 4 and 6 to the financial statements* Termination of contract on design, supply and construction of Balkhash thermal power plant initiated by Consortium of Samsung Engineering Ltd. and Samsung C&T (the "Consortium"), final claim issued to BTTP related to termination of contract and instruction of subcontractors to dispose the equipment at the manufacturer's factory was assessed by the Company as impairment indicators of Company's investment in BTPP. Accordingly, the Company recognised impairment loss for its investment in BTPP for the amount of Tenge 32,085,280 thousand. We paid special attention to the issue of impairment of the investment due to significance of its carrying value.	We have performed selective audit procedures in respect of BTTP accounts. We have received and reviewed the correspondence between the Company, BTPP and Consortium, including termination notification and final claim related to termination. We analysed the list of equipment and construction in progress of BTPP. We assessed recoverability of Company's investment in BTPP based on information obtained. Also, we paid attention to the adequacy of disclosures in Note 4 to the separae financial statements in accordance with the requirements of IAS 36 "Impairment of Assets". As a result of the procedures performed, we came to the conclusion that the key assumptions used by management are appropriate in the current circumstances, the amount of impairment recognised in the separate financial statements is sufficient, and respective disclosures meet the requirements of IAS 36 "Impairment of Assets".
Contingent liability from Put option on BTPP shares *See Note 4 of the separate financial statements.* The Company together with Samsung C&T participates in the "Construction of Balkhash Thermal Power Plant" project. Within the framework of the "Construction of Balkhash Thermal Plant" project, the Company entered into a share option agreement ("Option agreement") in connection with shares in BTPP that allowed Samsung C&T in certain circumstances to require the Company to purchase its shares in BTPP. On 31 August 2016 Samsung C&T notified the Company of its intention to exercise their option to require the Company to acquire Samsung C&T's shares in BTPP in accordance with the Option agreement,	We have received and reviewed the Option agreement, Put Option exercise notice, correspondence and other documents relating to this matter as set out in the Note 4 to the separate financial statements. We had a meeting with the representative of the Government of Republic of Kazakhstan, responsible for the negotiation process with Samsung C&T and obtained an understanding of the position of the Government of the Republic of Kazakhstan and the Company on this issue. We have considered the technical requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", IAS 39 "Financial Instruments:

Key audit matter	*How our audit addressed the key audit matter*
estimating its investments, and accordingly the exercise price for the option to sell the shares, as USD 192 million. There are ongoing negotiations at governmental level to agree a settlement of the issue regarding the conditions for the release of Samsung C&T from the project "Construction of Balkhash Thermal Plant", including the Put Option. Considering the government's position and status of negotiation the Company's management believes that the likelihood of outflow of material economic resources from the Company with respect to the Put Option is not probable. Accordingly, in the separate financial statements as at and for the year ended 31 December 2017, the Company did not create any provision in respect of the option exercised by Samsung C&T. The Company discloses however that an uncertainty exists with respect to an agreement being reached from the negotiations and resolution referred to above. In case the parties will not reach an agreement, there remains a possible risk that Samsung C&T will decide to proceed the dispute through judicial instances against the Company, and if this did arise the Company would vigorously defend its position. Management of the Company believes that Samsung C&T did not have the right to exercise the option and that good defences exist to the claim, including the counterparty's failure to prove that the claim complies with the contractual terms. We paid special attention to the issue due to its significance to the separate financial statements.	Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" with respect to the accounting treatment and disclosures for Option to sell shares exercised by Samsung C&T. As result of these procedures we have not proposed any adjustments to the separate financial statements with respect to put Option. We note that at the date of our report negotiations about the resolution of the issue are not finalised and, accordingly, such terms and conditions are not fixed in the binding form for all parties involved. As it is impossible to predict all future events related to this matter, there is no certainty that the Company will not incur additional liabilities. We also paid attention to the disclosure in the separate financial statements in respect of this mater and concluded that it is appropriate.

Other information

Management is responsible for the other information. The other information comprises annual report but does not include the separate financial statements and our auditor's report thereon. The annual report is expected to be made available to us after our audit report date.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers LLP

5 June 2018

Almaty, Kazakhstan

Approved by:	Signed by:
Dana Inkarbekova	Baurzhan Burkhanbekov
Managing Director of PricewaterhouseCoopers LLP	The engagement partner on the audit resulting in this independent auditor's report. Auditor in charge
(General State License of the Ministry of Finance of the Republic of Kazakhstan №0000005 dated 21 October 1999)	(Qualified Auditor's Certificate №0000586 dated 30 October 2006)

In thousands of Kazakhstani tenge	Note	31 December 2017	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment		264,320	620,644
Intangible assets		935,329	1,014,924
Investments in subsidiaries and jointly-controlled entities	6	504,428,843	533,424,495
Loans issued	7	12,279,695	35,712,236
Other non-current assets	8	13,164,208	3,516,718
Total non-current assets		**531,072,395**	**574,289,017**
Current assets			
Inventories		27,293	22,397
Loans issued	7	355,993	14,511,037
Other current assets	9	12,823,443	31,300,110
Cash and Cash equivalents	10	14,142,829	4,812,476
Non-current assets held for sale	11	15,810,776	31,182,280
Total current assets		**43,160,334**	**81,828,300**
TOTAL ASSETS		**574,232,729**	**656,117,317**
EQUITY			
Share capital	12	373,314,888	373,314,888
Other reserves		91,668,501	91,668,501
Accumulated deficit		(78,576,191)	(49,725,062)
TOTAL EQUITY		**386,407,198**	**415,258,327**
LIABILITIES			
Non-current liabilities			
Borrowings	13	173,504,049	66,434,655
Long-term financial guarantee	21	2,262,892	1,432,273
Total non-current liabilities		**175,766,941**	**67,866,928**
Current liabilities			
Borrowings	13	9.437.246	170,832,678
Other payables and accrued liabilities		1,354,331	907,798
Liabilities to the Shareholders		1,174,066	1,174,066
Other taxes payable		92,947	77,521
Total current liabilities		**12,058,590**	**172,992,062**
TOTAL LIABILITIES		**187,825,531**	**240,858,990**
TOTAL LIABILITIES AND EQUITY		**574,232,729**	**656,117,317**

Signed on behalf of the management 5 June 2018.

Yerlan Zh. Aliyev
Acting Managing Director for Economy and Finance.

"Самұрық-Энерго"
ҚАЗАҚСТАН РЕСПУБЛИКАСЫ АСТАНА ҚАЛАСЫ «САМҰРЫҚ-ЭНЕРГО» АКЦИОНЕРЛІК ҚОҒАМЫ
РЕСПУБЛИКА КАЗАХСТАН ГОРОД АСТАНА АКЦИОНЕРНОЕ ОБЩЕСТВО «САМРУК-ЭНЕРГО»
БСН/БИН 070540008194

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

In thousands of Kazakhstani tenge	Note	2017	2016
Dividend income	14	20,160,743	8,417,366
Other income		513,190	19,834
General and administrative expenses	15	(6,178,591)	(5,592,497)
Other expenses	16	(33,492,651)	(5,947,689)
Operating loss		(18,997,309)	(3,102,986)
Finance income	17	5,372,962	9,898,128
Finance costs	18	(19,966,188)	(14,265,706)
Loss before tax		(33,590,535)	(7,470,564)
Income tax expense	25	(177,890)	(272,740)
Loss for the year from continuing operations		**(33,768,425)**	**(7,743,304)**
Profit for the year from discontinued operations	11	11,573,212	-
Total loss for the year		**(22,195,213)**	**(7,743,304)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the year		**(22,195,213)**	**(7,743,304)**

In thousands of Kazakhstani tenge	**Share capital**	**Other reserves**	**Accumulated deficit**	**Total equity**
Balance as at 1 January 2016	**355,650,405**	**91,668,501**	**(39,940,758)**	**407,378,148**
Loss for the year	-	-	(7,743,304)	(7,743,304)
Total comprehensive loss for the year	-	-	(7,743,304)	(7,743,304)
Increase in share capital	17,664,483	-	-	17,664,483
Dividends accrued	-	-	(2,041,000)	(2,041,000)
Balance as at 31 December 2016	**373,314,888**	**91,668,501**	**(49,725,062)**	**415,258,327**
Loss for the year	-	-	(22,195,213)	(22,195,213)
Total comprehensive loss for the year	-	-	(22,195,213)	(22,195,213)
Other equity distributions	-	-	(1,951,021)	(1,951,021)
Dividends accrued	-	-	(4,704,895)	(4,704,895)
Balance as at 31 December 2017	**373,314,888**	**91,668,501**	**(78,576,191)**	**386,407,198**

In thousands of Kazakhstani tenge	**2017**	**2016**
Cash flows from operating activities:		
Profit before income tax from continued operations	(33,590,535)	(7,470,564)
Profit before income tax from discontinued operations	11,573,212	
Adjustments for:		
Dividend income	(20,764,593)	(8,417,366)
Depreciation and amortisation	327,513	344,764
Finance cost	19,966,188	14,265,706
Finance income	(5,372,962)	(9,898,128)
Foreign exchange gains/ (loss)	127,441	395,813
Impairment of assets	33,227,188	5,530,870
Loss on disposal of asset	680	33
Other income	-	(151)
Operating cash flows before working capital changes:	**5,494,132**	**(5,249,023)**
(Increase)/decrease in inventories	(4,897)	5,030
Increase in accounts receivable and other current and non-current assets	(11,297,312)	(252,439)
Increase/(decrease) in accounts payable	303,711	(1,961,640)
Increase/ (decrease) in other taxes payable	15,426	(78,204)
Cash used in operating activities	**(5,488,940)**	**(7,536,276)**
Income tax paid	(177,890)	(272,740)
Dividends received	15,812,271	8,650,684
Interest paid	(11,323,554)	(9,976,540)
Net cash used in operating activities	**(1,178,113)**	**(9,134,872)**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(158,705)	(169,926)
Proceeds from sale of subsidiaries	14,738,993	154,717
Loans issued and financial aid provided to subsidiaries and jointly controlled entities	(13,065,435)	(3,621,309)
Contribution to equity of subsidiaries	(2,038,888)	(5,805,512)
Refund / (placement) of bank deposits, net	21,080,058	(1,354,621)
Interest received	4,040,928	5,389,270
Proceeds from the repayment of financial aid issued to subsidiaries and jointly controlled entities	12,770,130	6,528,508
Proceeds from the redemption of financial instruments	36,941,495	16,279,276
Return of advances given for property, plant and equipment	2,200,000	
Acquisition of equity stake in associated organizations	-	(12,483,260)
Proceeds from sale of equity stake in associated organization	-	2,194,110
Purchase of debt instruments	-	(4,500,000)
Net cash received from investing activities	**76,508,576**	**2,611,253**

In thousands in Kazakhstani tenge	2017	2016
Cash flows from financing activities:		
Redemption of bonds	(167,994,272)	-
Proceeds from borrowings	79,114,450	1,882,800
Proceeds from issue of bonds	48,000,000	
Repayment of borrowings	(16,921,628)	(10,698,000)
Repayment of borrowings from Samruk-Kazyna	(2,381,109)	(2,381,109)
Dividends paid	(4,704,896)	(2,041,000)
Other payments	(1,105,647)	(77,362)
Proceeds from issue of shares	-	17,664,483
Net cash flows (used in)/from financing activities	**(65,993,102)**	**4,349,812**
Foreign exchange difference effect on cash and cash equivalents	(7,008)	350,991
Net increase/(decrease) in cash and cash equivalents	**9,330,353**	**(1,822,816)**
Cash and cash equivalents at the beginning of the year	4,812,476	6,635,292
Cash and cash equivalents at the end of the reporting period	**14,142,829**	**4,812,476**

1 The Company and Its Operations

These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2017 for Samruk-Energy JSC (the "Company").

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

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

Principal activity

The Company is a holding company (the "Company"), including a number of companies (Note 6), whose principal activities are production of electricity, heat and hot water on the basis of coal, hydrocarbons and water resources, and sale to households and industrial enterprises, transmission of electricity and technical distribution of electricity within the network, construction of hydro and thermal power plants, and lease of hydro power plants' property.

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

Reporting currency

Unless otherwise stated, the figures in these financial statements are expressed in Kazakhstan tenge ("tenge").

2 Basis of Preparation of Financial Statements and Significant Accounting Policies

Basis of preparation of financial statements

These separate financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), using the historical cost convention, as adjusted for initial recognition of financial instruments at fair value. The following are the main provisions of accounting policies that were used in the preparation of separate financial statements. These provisions of accounting policies have been consistently applied to all periods presented in the reporting period.

The Company has prepared this separate financial statements for management.

Moreover, the Company has prepared consolidated financial statements in accordance with IFRS for the Company and its subsidiaries (the "Group"). In the consolidated financial statements, transactions of subsidiaries identified as companies in which the Group directly or indirectly holds more than half of the voting shares or in respect of which the Company is otherwise able to control their financial and operating policies, are fully consolidated. The consolidated financial statements of the Group can be obtained at the Company's office located at the following address: 15A Avenue of Kabanbai Batyr Avenue, Republic of Kazakhstan, Astana.

Users should get familiar with these separate financial statements together with the consolidated financial statements as of and for the year ended December 31, 2017 in order to obtain complete information about the financial position, operating results and changes in the financial position of the Company as a whole.

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

Currency exchange rates

As at 31 December 2017, the official exchange rate used to translate balances denominated in foreign currencies was KZT 332.33 per US dollar (December 31, 2016: KZT 333.29 per US dollar) Currently, the Tenge is not a freely convertible currency outside the Republic of Kazakhstan.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Property, plant and equipment

(i) Recognition and subsequent evaluation

Property, plant and equipment are stated at initial cost, less accumulated depreciation and provision for impairment, where necessary. Initial 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 initial cost of self-constructed assets includes the cost of materials, direct labour and a proportion of production overheads.

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 costs related to repair and maintenance 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, and in particular:

	Useful service (number of 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

2 Basis of Preparation and Significant Accounting Policies (Continued)

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.

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 Company 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 are represented by the category "other financial liabilities" carried at amortised cost.

(iv) Initial recognition of financial instruments

Financial assets and liabilities are initially recognised at fair value minus 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 transfer.

2 Basis of Preparation and Significant Accounting Policies (Continued)

(vi) Offsetting

Financial assets and liabilities are offset and the net amount reported in the separate 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 sell the asset and settle the liability simultaneously

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 selling price. 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 selling price is the estimated selling price in the ordinary course of business less the cost of completion and estimated selling expenses.

Impairment of financial assets carried at amortised cost

Impairment losses are recognised in profit or loss as they arise as a result of one or more events ("events leading to loss") that occurred after the initial recognition of a financial asset and affect the amount or timing of estimated future cash flows associated with a financial asset or with a group of financial assets that can be assessed with sufficient reliability. If the Company does not have objective evidence of impairment for an individually assessed financial asset (regardless of its materiality), this asset is included in a group of financial assets with similar credit risk characteristics and is assessed with respect to impairment. The main factors that the Company takes into account when considering the issue of a financial asset impairment are its overdue status and the ability to sell collateral, if any.

The other main criteria based on which the presence of objective evidence of an impairment loss is determined are as follows:

- a counterparty experiences significant financial difficulties which is confirmed by financial information about a counterparty that is in the possession of the Company;
- a counterparty is considering the possibility of announcement of bankruptcy or financial reorganization;
- There is a negative change in the payment status of a counterparty due to changes in national or local economic conditions affecting a counterparty; or the cost of collateral, if any, is significantly decreased as a result of the deteriorating market situation.

If the terms of an impaired financial asset carried at amortised cost are reviewed because of negotiations or are changed in any other way due to financial difficulties of a counterparty, the impairment is determined by using the initial effective interest rate prior to revision of terms. After that, a financial asset, terms of which have been reviewed is derecognised and the new asset is recognised at fair value, but only if risks and rewards of the asset have changed significantly. This is usually confirmed by significant difference between the present value of initial and new expected cash flows.

Impairment losses are always recognised by creating a provision in such amount to bring the asset's carrying amount to the present value of expected cash flows (which does not include future credit losses that have not yet been incurred) discounted at the original effective interest rate for the asset. Calculation of the present value of the expected cash flows of a financial asset secured by a pledge, includes cash flows that may arise as a result of foreclosure less the costs of obtaining and selling collateral, regardless of the degree of probability of foreclosure.

If, in a subsequent period, the amount of the impairment loss decreases and this decrease can be objectively related to an event occurring after the impairment was recognised (such as an increase in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the created provision through profit or loss for the year.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Impairment of financial assets carried at amortised cost (continued)

Assets that are impossible to sell and in respect of which all necessary procedures have been completed with a view to full or partial recovery and the final amount of the loss is determined, are written off against created allowance for impairment. Subsequent recoveries of amounts previously written off are accrued to the account for impairment losses within profit or loss for the year.

Advances to suppliers are shown in statements at an initial cost minus allowance for impairment. Advances are classified as long-term if the expected period for the receipt of goods or services related to them exceeds one year, or if advances relate to assets that will be recorded as long-term at an initial recognition. The amount of advances for the acquisition of assets is included in their carrying amount when the Company receives control of these assets and it is probable that the Company will receive future economic benefits related to them. Other advances are written off when goods or services related to them are received. If there is a sign that assets, goods or services relating to advances will not be received, the carrying amount of advances is subject to reduction and corresponding impairment loss is recognised through profit or loss for the year. Prepayments for taxes are reported at amounts actually paid less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, funds on current bank accounts. 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 and disposal groups' if their carrying amount will be recovered principally through a sale transaction 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.

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.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Borrowings (continued)

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.

Payables

Payables are accrued when the counterparty performed its obligations under the contract. Payables 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.

Transactions with owners

The accrual of expenses or the distribution of assets at the discretion of the shareholder, including fixed assets, business combinations, interests in other entities and disposal groups, cash and other, are recognised in retained earnings as “Other distributions to the shareholder”.

3 New accounting provisions

The application of new and revised International Financial Reporting Standards (IFRS)

The following changes in the standards became binding on the Company from January 1, 2016, but did not have a significant impact on the Company.

- IFRS 14 Regulatory Deferral Accounts (issued in January 2014 and enters into force for annual periods beginning on or after January 1, 2017).
- “Accounting for transactions on acquisition of participation share in joint operations” – Amendments to IFRS 11 (issued on May 6, 2014 and effective for annual periods beginning on 1 January 2017 or after this date).
- “Explanation of acceptable methods for calculating depreciation of fixed assets and intangible assets” – Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for annual periods beginning on or after 1 January 2017).

3 New accounting provisions (Continued)

- Agriculture: Amendments to IAS 16 and IAS 41 – "Agriculture: Bearer Plants" (issued on 30 June 2014 and effective for annual periods beginning on 1 January 2017). Annual Improvements to International Financial Reporting Standards, 2014 (issued on September 25, 2014 and effective for annual periods beginning on 1 January 2017 or after this date).
- Disclosures – Amendments to IAS 1 (issued in December 2014 and effective for annual periods beginning on or after 1 January 2017).

New standards and interpretations

A number of new standards and interpretations have been published that are binding on annual periods beginning on or after 1 January 2018, 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.
- 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.

When moving to a new standard, the Company did not engage third-party consulting organizations. To date, the Company is implementing activities on introducing this standard within the working group established by Samruk-Kazyna Fund (Shareholder)

Based on the results of the activities, the Company determined a retrospective method of transition. The Company also analysed the classification of financial instruments, according to which the classification of the Company's financial assets and liabilities remains unchanged. Accounting for financial instruments is carried at amortised cost.

As of the date of these financial statements, the expected impact from the transition to the new IFRS 9 "Financial Instruments: Recognition and Measurement" in accordance with amendments introduced and which will enter into force on 1 January 2018 cannot be reasonably assessed by the Company.

3 New accounting provisions (Continued)

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. The Company is currently assessing how the new standard will affect financial reporting.

Clarifications to IFRS 15 Revenue from contracts with customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018). The amendments do not entail changes in the basic principles of the standard, but explain how these principles should be implemented. The amendments clarify how to identify the obligation to perform in the contract (the promise to transfer goods or services to a customer); How to determine whether the company is a principal (supplier of a product or service) or an agent (responsible for organization of the delivery of goods or services), and how to determine whether to recognize revenue from granting of a license at a point in time or over time. In addition to clarification, amendments include two additional exemption from fulfilling requirements, which will allow the company applying the new standard for the first time to reduce costs and complexity of accounting. The Company is currently assessing how the new standard will affect financial reporting.

IFRS 16 Leases (issued in January 2017 and effective for annual periods beginning on or after 1 January 2019). The new standard defines the principles for the recognition, measurement, presentation and disclosure of information in respect of transactions in leases. All lease contracts result in the tenant getting the right to use the asset from the commencement of the lease, as well as to receiving financing if the lease payments are made during a period of time. Accordingly, IFRS 16 cancels the classification of leases as operational or financial as required by IAS 17, and instead introduces a single model for recording lease transactions for tenants. Tenants will have to recognize:

(a) assets and liabilities for all leases with a validity period of more than 12 months, except for cases when the value of leased property is insignificant; and

(b) the amortization of the leased assets is separate from interest on lease obligations in P&L statement.

With respect to accounting for leases of the lessor, IFRS 16, in fact, retains the accounting requirements of IAS 17. Thus, the lessor continues to classify lease contracts as an operating or financial lease and, accordingly, reflect them differently in the reporting. The Company is currently assessing how the new standard will affect financial reporting.

***On* January 29, 2016 and enter into force for annual periods beginning on or after 1 January 2017).** Amendments to IAS 7 require disclosure of changes in liabilities arising from financial activities. The Company is currently assessing how the new standard will affect financial reporting.

It is expected that the standards and interpretations, after the entry into force, will not have a significant impact on the Company's financial statements.

- "Sale or contribution of assets to an associate or a joint venture by an investor" – Clarifications to IFRS 10 and IAS 28 (issued on September 11, 2014 and effective for annual periods beginning after the date determined by the International Accounting Standards Board).
- "Recognition of deferred tax assets for unrealised losses" – Amendments to IAS 12 (issued January 19, 2016 and effective for annual periods beginning on or after 1 January 2017).
- Amendments to IFRS 2 "Share-based payment" (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Application of IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts" – Amendments to IFRS 4 (issued on September 12, 2016 and come into effect, depending on the approach chosen: for annual periods beginning on or after 1 January 2018,
- for organizations that choose temporary exemption, and for the annual period from which an organization implemented IFRS 9 for the first time - for organizations that chose the overlay approach.
- Annual improvements of International Financial Reporting Standards, 2014-2016. (Issued on 8 December 2016 and effective with respect to the application of amendments to IFRS 12 – for annual periods beginning on or after 1 January 2017, as regards the application of amendments to IFRS 1 and IAS 28 – for annual periods beginning on or after 1 January 2018).
- IFRIC 22 – Foreign currency transactions and advance consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- transfers of investment property – Amendments to IAS 40 (issued on December 8, 2016 and effective for annual periods beginning on 1 January 2018 or after this date).

Unless otherwise stated above, it is expected that these new standards and interpretations will not materially affect the Company's financial statements.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the separate financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the separate financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include.

Going concern principle

Management prepared these separate financial statements on a going concern basis. The management decision is based on the financial position of the Company, its current intentions, profitability of operations, access to financial resources and Government support.

The following factors were considered when assessing the Company's ability to continue operating in the foreseeable future:

- As of 31 December 2017 the Company's current assets exceeded current liabilities by Tenge 15,290,967 thousand.
- The Company is of strategic importance for ensuring the reliability of Kazakhstan's energy system. The management and shareholders of the Company have no intention or need to liquidate the Company's operations.
- Management of the Company believes that the issue related to the Put Option for BTPP shares, described later in this Note, will not affect the Company's ability to continue as a going concern. The management believes, even in the case of an unfavorable scenario, the resolution of the issue will take a long time and only after the legal process will completely end.

Impairment of non-financial assets

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

Assessment of impairment indicators also requires the use of judgments and estimates in determining possible technological obsolescence of fixed assets, discontinuing operations, residual useful lives, and other changes in operating conditions.

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

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

According to the results of the assessment, Management identified impairment indicators of its investment in "Ekibastuzskaya GRES- 1 named after Bulat Nurzhanov" LLP ("EGRES-1") and Station Ekibastuzskaya GRES-2 JSC ("EGRES-2).

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

EGRES – 1

As of 31 December 2017 the carrying value of the Company's investment in the subsidiary - EGRES-1 amounted to Tenge 338,272,063 thousand. Based on impairment indicator analysis of EGRES-1 non-financial assets as of 31 December 2017 management concluded that recent changes in the legislation regulating tariffs and the introduction of a more competitive tariff policy during 2017, which resulted in a decrease of the weighted average tariff rate, are indications of possible impairment of non-financial assets of EGRES-1 and therefore of Company's investment in EGRES-1.

Management of EGRES-1 considers all the property, plant and equipment and intangible assets as a single cash-generating unit, as it is the smallest identifiable group of assets that generates cash inflows largely independent of the cash flows generated by other assets, and it is the lowest level at which EGRES-1 monitors recoverable amount of assets. Management has assessed the recoverable amount of property, plant and equipment on the basis of value in use, determined as the sum of the estimated discounted future cash flows which the company expects to get from their use.

EGRES-1 attracted independent experts to conduct the impairment test, which was conducted in accordance with IAS 36 "Impairment of Assets". The independent expert estimated the recoverable amount of fixed assets and intangibles, based on the estimated future cash inflows and outflows from the use of assets, discount rates and other assumptions.

The following are key assumptions used in determining recoverable amount of non-financial asset:

Forecasted tariffs

The cap tariff is approved by the Government of RoK by groups of power plants, formed by type of power plants, installed capacity, type of used fuel, distance from the location of fuel, for a period of 3 years by annual breakdown and is adjusted annually based on the necessity to ensure the investment attractiveness of the industry. The cap tariffs for electricity were approved until 2019.

Sales forecast for 2019 included the effect of introducing the capacity market that is expected to redesign the tariff formation practices of energy producing entities. For the calculation of tariff for electricity consumers, cap tariff calculation methodology approved by the order of the Ministry of Energy No.413 "On approval of the Methodology for determining performance fee considered in approving the cap tariffs for electric power, as well as performance fee for balancing considered in approving the cap tariffs for balancing electric power" dated 28 November 2017.

Tariffs	Unit	2018	2019	2020	2021	2022	2023	2024	2024	2026
Export – Russia	tenge/kWh	5.41	5.44	5.47	5.64	5.79	5.94	6.05	6.16	6.29
Kazakhstan	tenge/kWh	6.86	5.87	6.29	6.59	6.88	7.16	7.43	7.68	7.93
Capacity tariff	thousands of tenge/kWh	-	0.70	0.75	0.79	0.82	0.85	0.89	0.92	0.95

Power plants independently sets the selling price for electricity, making sure that it's not higher than the cap tariff for a particular group of power plants. The tariffs in the power generation industry are determined in a competitive environment, depending on the demand and supply at the tariffs, which do not exceed the cap tariffs, the settlement, or individual tariffs, except for export sales.

For the calculation of tariff for capacity sales in Kazakhstan, tariffs adopted at the level of cap rates for energy producing entities approved by the Order of the Ministry of Energy of the RoK No.414 On amendments to the "Order of the Minister of Energy of the RoK dated 3 July 2016" dated 28 November 2017, were used.

If the tariffs decrease by 10%, the recoverable amount of property, plant and equipment would be less that its carrying amount by Tenge 62,408,450 thousands. This decrease will not result in impairment loss of Company's investment in EGRES-1.

Forecasted volumes of production and sales

Forecast of the electricity sales volume for the period 2018-2022 was based on the EGRES-1 development plan. Sales volume for 2023 was forecasted at 2022 volume. Sales volume forecast for the period of 2024-2026 was based the power balance forecast of the Unified Energy System of Kazakhstan of the Ministry of Energy. Production and sales volumes were taking into account the planned completion of the construction of the new production plants and mines in the mining sector until 2021 and an increase in electricity consumption are expected in the future.

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

Volume	Unit	2017	2018	2019	2020	2021	2022	2023	2024	2025
Export – Russia	thousands megawatts/hour	6,100	6,100	4,100	2,414	1,115	1,115	1,115	3,653	3,353
Kazakhstan	thousands megawatts/hour	9,570	14,793	17,381	18,589	19,003	21,185	21,481	21,778	22,078
Capacity	Megawatt	-	30,000	30,000	30,000	30,000	30,000	30,419	36,776	37,282

10% decrease in forecasted sales volumes would result in impairment loss of property, plant and equipment for the amount of Tenge 56,423,280 thousand, but will not result in a loss from the impairment of the Company's investment in EGRES-1.

The discount rate is based on the calculation of the weighted average cost of capital, equal to 11.2%.

The discount rate was calculated taking into account the current market risk of EGRES-1 and was estimated based on the weighted average cost of capital for the industry. In the future, to reflect the changing risks inherent in the industry, and changes in the weighted average cost of capital, further changes in the discount rate may be necessary. 2% increase of the discount rate would result in impairment of property, plant and equipment in the amount of Tenge 19,059 thousand, but will not result in a loss from the impairment of the Company's investment in EGRES-1.

As a result of the test, the recoverable amount of property, plant and equipment at 31 December 2017 amounted to Tenge 603,073,884 thousand while their carrying value is Tenge 503,019,840 thousand. Since the assets of EGRES-1 were significantly higher than Company's respective investment, Company concluded that no impairment of its investment occurred.

Investments in EGRES-2

As stated in Note 6, the Company has an investment in a joint venture EGRES-2. As of 31 December 2017 the carrying value of the its investment amounted to Tenge 8,725,133 thousand.

The uncertainties associated with both the completion of the power unit #3, and sale of the electricity that will be generated by the power unit #3, indicates a potential impairment of property, plant and equipment EGRES-2 and therefore the possible impairment of Company's investment in EGRES-2.

Management of EGRES-2 considers all property, plant and equipment and intangible assets as a single cash-generating unit, as it is the smallest identifiable group of assets that generates cash inflows largely independent of the cash flows generated by other assets, and it is the lowest level at which EGRES-2 monitors the recovery of the assets' cost.

The EGRES-2 attracted independent experts to conduct the impairment test, which was conducted in accordance with IAS 36 "Impairment of Assets". The independent expert estimated the recoverable amount of property, plant and equipment and intangible assets, based on the estimated future cash inflows and outflows from the use of assets, discount rates and other assumptions.

Recoverable amount was calculated on the basis of value in use. Cash flow projections based on updated financial budgets approved by management for a 5-year period from 2018 to 2022 were used in the calculations.

As a result of the impairment test, the fixed assets of EGRES-2 were impaired by Tenge 11,687,420 thousand. Taking into account that as of 31 December 2017 the net assets of EGRES-2 significantly exceeded the carrying value of the respective Company's investment in separate financial statements, the Company's management concluded that there was no impairment of the investment in EGRES-2.

Key assumptions used are presented below:

Forecasted tariffs

For the calculation of the recoverable amount of assets management of EGRES-2 has used the following tariffs for electricity:

- Tariff for 2017 amounted to 6.6 Tenge per 1 kWh, which represents the actual tariff applicable on the sale of electricity by EGRES-2 in 2017, and does not exceed the cap tariff, approved and set by Ministry of Energy for 2016-2018 years at a rate of 8.8 Tenge per 1 kWh;

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

- Projected weighted average tariffs for subsequent periods are as follows:

Tariff	Unit	2018	2019	2020	2021	2022	2023	2024	2025	2026
The tariff for electricity	tenge/kWh	6.63	5.77	6.18	6.48	6.77	7.04	7.30	7.55	7.80
Capacity tariff	thousands of tenge/kWh	–	0.7	0.75	0.79	0.82	0.85	0.89	7.67	7.79

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

In case of decrease of the tariffs on electricity by 10%, recoverable amount of property, plant and equipment will be less than their carrying value by Tenge 34,821,849 thousand. The recoverable amount of the Company's investment in EGRES-2 will be less than the net assets of EGRES-2 by Tenge 3,905,343 thousand.

Forecasted volumes of production and sales

For calculation of the recoverable amount of assets, management considered forecasted volumes of production/sales of electricity from the power unit #3 and the corresponding investment needed to complete construction. The EGRES-2 used the following estimated volumes of electricity sales for the calculation the recoverable amount of assets:

	2018	2019	2020	2021	2022	2023	2024	2025	2026
The volume of electricity production (in millions of kWh)	5.100	5.801	6.001	6.101	6.101	6.101	6.101	6.185	6.270

Management of EGRES-2 expects that volumes of production and sales during the forecast period prior to putting into operation power unit #3 will be stable. After the launch of the power unit #3, no significant increase in electricity volumes is forecasted, however the volume of electricity production will be distributed among the three blocks. Management expects that electricity sales will increase during the forecast period, but a 10% decrease in electricity sales will result in a loss from impairment of property, plant and equipment in the amount of Tenge 28,985,624 thousand and accordingly to the impairment loss on the Company's investment in EGRES-2 in the amount of Tenge 953,321 thousand.

The discount rate is based on the calculation of the weighted average cost of capital, equal to 13.24 %.

Discount rate was estimated considering the reflection of the current market assessment of the risks inherent to EGRES-2, and evaluated on the basis of the weighted average cost of capital for the industry. In the future to reflect changing risks inherent in the industry, and changes in the weighted average cost of capital may require further changes in the discount rate. Increasing the discount rate by 1% would lead to an impairment loss in the amount of Tenge 24,618,618 thousand. In this case, the Company's investments in EGRES-2 will exceed the net assets of EGRES-2 by Tenge 1,230,182 thousand.

Balkhash Thermal Power Plant

The project "Construction of the Balkhash Thermal Power Plant" (hereinafter the Project) is implemented in the framework of the intergovernmental agreement signed between the Government of the RoK and the Government of the Republic of Korea. The agreement, signed in 2011, includes economic cooperation in the field of financing, design, construction, operation and maintenance of the power plant.

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

The shareholders of JSC "Balkhash Thermal Power Plant" (hereinafter BTPP) are "Samsung C&T Corporation" (hereinafter "Samsung C&T") and Company, holding 50% + 1 shares and 50% - 1 share, respectively, as of 31 December 2017. The entity established in 2008 as a joint stock company. In June 2012, BTPP and Samsung Engineering Co Ltd. signed a contract to design, supply and construct Balkhash thermal power plant with power capacity of 1320 MW ("EPC contract"). Samsung Engineering Co. Ltd and Samsung C&T ("Consortium") are parties of the joint venture for the EPC.

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

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

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

In order to organize debt financing for the Project potential lenders require protecting the rights and interests of investors in accordance with the international practice of project financing.

In the absence of a coherent version of the Project support package, on 31 August 2016 Samsung C&T notified Company its intention to exercise the option to sell the shares in accordance with the Option Agreement, estimating its contributions to USD 192 million.

Due to the lack of financing for BTTP, 31 August 2016 Consortium also notified BTPP about the termination of the EPC contract.

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

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

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

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

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

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

The Company concluded that the above events indicate the impairment of the Company's investment in BTPP in accordance with IAS 36 "Impairment of Assets". Respectively, as at 31 December 2017 the Company recognised impairment loss of investments in BTPP in the amount of Tenge 32,085,280 thousand.

The Government of the Republic of Kazakhstan is conducting negotiations on resolution of issues related to the Samsung C&T's exit from the Project, including the Samsung's claim in respect of their Option to sell their shares.

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

There is currently no negotiation between the Company and Samsung C&T regarding the Option to sale shares. Currently, the Government of the Republic of Kazakhstan and Samsung C&T are in the active phase of the negotiation process. Considering the government's position and status of negotiation the Company believes that the likelihood of a material outflow of economic resources from the Company with respect to the Put Option is not probable. Accordingly, in the separate financial statements as at and for the year ended 31 December 2017, the Company did not create any provision in respect of the option exercised by Samsung C&T.

The Company notes however that an uncertainty exists with respect to an a successful agreement being reached from the negotiations and resolution referred to above. In case the parties will do not reach an agreement, there remains a possible risk that Samsung C&T will decide to proceed the dispute through judicial instances against the Company, which if this did arise the Company would vigorously defend. Management of the Company believes that Samsung C&T did not have the right to exercise the option and that good defences exist to the claim, including the counterparty's failure to prove that, the claim complies with the contractual terms (Note 20).

Operations with the Shareholder

As indicated in Note 5, in October 2017 the Company noted impairment indicators of deposits held in Bank RBK JSC in the amount of Tenge 3,252,326 thousand. The amount of loss was Tenge 812,926 thousand. In accordance with the Decree of the Government dated 7 November 2017, on 29 December 2017, the Company's deposits with "RBK Bank" JSC were converted into 15-year coupon bonds with a nominal value of 1 tenge per share, with an interest rate of 0.01% per annum. Coupon bonds were initially recognised at fair value of Tenge 488,379 thousand. The difference between the book value amount of deposits and the fair value of bonds was Tenge 1,951,021 thousand and was recognised as other capital distributions in the separate statement of changes in equity. Management of the Company believes that in this case, the Government of the Republic of Kazakhstan acted as the ultimate controlling party of the Company, respectively, the difference between the balance amount of deposits and the fair value of the bonds may be reflected as other capital distributions in the separate statement of changes in equity. The fair value of the bonds was calculated by discounting future cash flows on bonds, using a 13% discount rate and a five-year maturity. When calculating the amount of impairment of deposits, the Company took into consideration the analysis of deposits recoverability.

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.

Related parties include companies controlled by Samruk-Kazyna. The Government controls over the Company. The company made a decision on applying the exemption from disclosure of information about individually insignificant transactions and balances with the government and its related parties, since the Kazakhstani Government controls, jointly controls or has a significant influence on such parties.

The Company makes purchases from a large number of organizations with state participation.

Such purchases and deliveries individually constitute insignificant amounts, and are usually made on a commercial basis. Transactions with the state also include settlements on taxes.

5 Balances and transactions with related parties (Continued)

The outstanding balances with related parties as at 31 December 2017 are as follows:

In thousand Kazakhstani Tenge	**Note**	**Shareholder**	**Companies under common control**	**Subsidiaries and JVs**
Loans issued to subsidiaries		-	-	5,578,277
Accounts receivable		-	-	31,329
Other current assets		-	-	-
Other assets in favor of the Shareholder	9	1,387,077	-	-
Other non-current assets		-	-	1,378,374
Interest receivable on loans issued		-	-	695,834
Dividends receivable		-	-	6,380,082
Securities of related party		-	-	4,734,457
Other payables and accrued liabilities		-	-	263,858
Accounts payable		-	3,117	-
Liability to the Shareholder	19	1,174,066	-	-
Borrowings	16	59,959,841	-	28,165,278

At 31 December 2016, 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		-	-	6,313,014
Accounts receivable		-	-	-
Other current assets		-	-	4,367
Other asset in favor of the Shareholder	10	1,096,559	-	-
Other non-current assets		-	-	1,211,193
Interest receivable on loans issued		-	-	69,689
Dividends receivable		-	-	2,436,470
Securities of related party		223,491	-	43,547,389
Other payables and accrued liabilities		-	-	234,388
Accounts payable		-	8,064	-
Liabilities to the Shareholder		1,174,065	-	-
Borrowing	13	58,381,852	-	-

At 31 December 2017, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani tenge	**Shareholder**	**Companies under common control**	**Subsidiaries and JVs**
Dividend income	-		20,764,593
Finance income	9,467	-	3,417,750
Finance cost	5,484,838	-	1,836,178
General and administrative expenses	-	43,959	512,997
Foreign exchange gains/ (losses) -net	-	-	37,021

5 Balances and transactions with related parties (Continued)

The income and expense items with related parties for six months ended 31 December 2016 were as follows:

In thousands of Kazakhstani tenge	Shareholder	Companies under common control	Subsidiaries and JVs
Dividend income	-	-	8,417,366
Finance income	12,958	286,132	4,663,370
Finance cost	5,335,735	-	832,398
General and administrative expenses	-	92,356	271,049
Foreign exchange gains/ (losses) -net	-	(82,078)	35,477

In October 2017 the Company noted impairment indicators of deposits held in Bank RBK JSC in the amount of Tenge 3,252,326 thousand. Based on an analysis of the recoverability of the deposits, the Company recognised impairment loss on deposits of Tenge 812,926 thousand (Note 18).

In November 2017 National Bank of RoK and Kazakhmys Corporation LLP, a third party, signed a framework agreement on improving the conditions of Bank RBK JSC. Pursuant to a resolution of the government dated 7 November 2017, on 29 December 2017, the Company's deposits and cash on current accounts held in Bank RBK JSC with carrying amount of Tenge 3,252,326 thousand were converted to 15 year coupon bonds at par value of 1 tenge each bearing 0.01% per annum. Under this framework agreement, Kazakhmys Corporation LLP guaranteed to repay Tenge 893,923 thousand at the end of five years. As a result, coupon bonds were initially recognised at a fair value of Tenge 488,379 thousand. The fair value was determined by discounting future cash flows using a discount rate of 13 % and maturity date of five years. The difference between carrying amount of deposits and the fair value of coupon bonds in the amount of Tenge 1,951,021 thousand was recognised as other distributions of equity by the Company in the separate statement of changes in equity.

In the framework of the intergovernmental agreement signed between the Government of the RoK and the Government of the Republic of Korea the Company was involved in the project "Construction of the Balkhash Thermal Power Plant". The agreement, signed in 2011, includes economic cooperation in the field of financing, design, construction, operation and maintenance of the power plant. Currently the Government of the Republic of Kazakhstan is conducting negotiations on resolution of issues related to the Samsung C&T's exit from the Project, including the Samsung's claim in respect of their Option to sell their shares (Note 4).

Key executive staff remuneration for the year ended 31 December 2017 including salaries, bonuses and other short-term benefits to employees is Tenge 233,669 thousand (for the year ended 31 December 2017: Tenge 184,896 thousand). Key executive staff at 31 December 2017 consists of 6 persons (2016: 8 persons).

6 Investments in subsidiaries and joint ventures

At 31 December 2017 and 31 December 2016 the cost of investment was as follows:

The information on the cost of investment was as follows:

			31 December 2017		31 December 2016	
	Date of acquisition	**Country of registration**	**Cost of investment (in thousand tenge)**	**Ownership percentage**	**Cost of investment (in thousand tenge)**	**Ownership percentage**
“Ekibastuz GRES-1 named after Bulat Nurzhanov” LLP	31.10.2012	Kazakhstan	338,272,063	100%	338,272,063	100%
“Alatau Zharyk Company” JSC	29.07.2009	Kazakhstan	52,709,818	83.56%	51,208,403	100%
“Almaty Power Plants” JSC	26.07.2011	Kazakhstan	30,386,653	100%	30,212,480	100%
“Moinak HPP” JSC	04.01.2008	Kazakhstan	21,864,616	100%	21,864,616	100%
“First Wind Power Plant” LLP	28.05.2016	Kazakhstan	8,834,141	100%	8,809,618	100%
«Samruk-Green Energy» LLP	13.06.2012	Kazakhstan	2,739,386	100%	2,739,234	100%
“Shardara HPP” JSC	03.06.2011	Kazakhstan	2,275,999	100%	1,109,544	100%
“Ereymentau Wind Power” LLP	28.05.2016	Kazakhstan	1,522,677	100%	1,299,616	100%
“Shulbinskaya HPP”JSC	04.01.2008	Kazakhstan	1,230,658	92,14%	1,230,658	92%
“Bukhtarminskaya HPP” JSC	04.01.2008	Kazakhstan	1,050,790	90%	1,050,790	90%
“Ust-Kamenogorsk HPP” JSC	04.01.2008	Kazakhstan	465,019	89.99%	465,019	90%
“Kazhydrotechenergo” LLP	31.03.2014	Kazakhstan	222,506	100%	222,506	100%
“AlmatyEnergoSbyt”LLP	26.07.2011	Kazakhstan	136,003	100%	136,003	100%
«Energy Solutions Center» LLP	16.03.2017	Kazakhstan	52.999	100%	53,150	100%
“Energia Semirechya” LLP	28.05.2016	Kazakhstan	15,319	51%	15,319	51%
Forum Muider B.V.	23.12.2008	The Netherlands	41,759,543	50%	41,759,543	50%
“Ekibastuz GRES-2 Plant” JSC	04.01.2008	Kazakhstan	8,725,133	50%	8,725,133	50%
“Balkhash TPP” JSC (Note 4)	24.06.2008	Kazakhstan	32,085,280	49.99%	32,085,280	49,99%
Less: Impairment of investment			(39,919,760)		(7,834,480)	
Total investments			**504,428,843**		**533,424,495**	

7 Loans issued

In thousands of Kazakhstani tenge	**31 December 2017**	**31 December 2016**
Non-current portion		
"Alatau Zharyk Company" JSC bonds	4,463,486	4,463,486
Loan issued to "Alatau Zharyk Company" JSC	3,991,664	3,691,503
Loan issued to "First Wind Power Plant" LLP	1,496,614	1,651,325
"Mangistau Electricity Distribution Company" JSC bonds	1,205,007	1,198,337
Interest accrued on "First Wind Power Plant" LLP loan	634,545	378,585
"Special Financial Company "DSFK" LLP bonds	488,379	-
"Almaty Power Plants" JSC bonds	-	24,329,000
Total loans issued – non-current portion	**12,279,695**	**35,712,236**
Current portion		
Loan issued to "Energia Semirechia" LLP	596,349	450,901
Loans issued to "Balkash TPP" JSC	343,316	-
Interest accrued on bonds	294,704	771,542
Interest accrued on loans issued	65,983	69,689
Financial aid given to "Ust-Kamenogorsk HPP" JSC	30,390	30,390
Loans given to "Zhambyl GRES named after T.I. Baturov" JSC	5,442	5,442
"Alatau Zharyk Company" JSC bonds	-	10,043,515
"Almaty Power Plants" JSC bonds	-	2,745,000
"Samruk-Kazyna" JSC Bonds	-	220,000
Loan issued to "Aktobe Thermal Power Station" JSC	-	180,000
Less provision for impairment	(980,181)	(5,442)
Total loans issued – current portion	**355,993**	**14,511,037**

Analysis of changes in provision for impairment of loans issued is provided below:

In thousands of Kazakhstani tenge	**2017**	**2016**
Provision for impairment as at 1 January	**5,442**	**5,442**
Recognition of allowance for impairment during the year	974,749	-
Provision for impairment as at 31 December	**980,191**	**5,442**

7 Loans issued (Continued)

Below is an analysis of outstanding loans for credit quality:

In thousands of Kazakhstani Tenge	2017 Corporate bonds	2017 Loans, Financial aid	2017 Total	2016 Corporate bonds	2016 Loans, Financial aid	2016 Total
Neither past due nor impaired						
- major borrowers - subsidiaries, with a credit history over two years	4,758,190	6,184 ,112	10,942,302	43,770,880	6,452,393	50,223,273
- Major borrowers with a credit history over two years	1,205,007	-	1,205,007	-	-	-
- New major borrowers	488,379	-	488,379	-	-	-
Total neither past due nor impaired	**6,451,576**	**6,184,112**	**12,635,688**	**43,770,880**	**6,452,393**	**50,223,273**
Past due but not impaired debt						
- with payment delay less than 30 days	-	-	-	-	-	-
- with payment delay of more than 30 days	-	-	-	-	-	-
Total past due but not impaired debt	**-**	-	-	-	-	-
Loans individually identified as impaired (gross)						
- less than 30 days overdue	-	-	-	-	-	-
- 30 to 90 days overdue	-	-	-	-	-	-
- 91 to 180 days overdue	-	-	-	-	-	-
- 181 to 360 days overdue	-	980,191	980,191	-	5,442	5,442
- over 360 days overdue	-	-	-	-	-	-
Total individually impaired (gross)	**-**	**980,191**	**980,191**	**-**	**5,442**	**5,442**
Less impairment provision	**-**	**(980,191)**	**(980,191)**	**-**	**(5,442)**	**(5,442)**
Total loans issued at 31 December	**6,451,576**	**6,184,112**	**12,635,688**	**43,770,880**	**6,452,393**	**50,223,273**

Bonds purchased from "Almaty Power Plants" JSC

In 2017, "Almaty Power Plants" JSC redeemed indexed bonds in the amount of Tenge 27,074,000 thousand.

Bonds of "Alatau Zharyk Company" JSC

In December 2017, "Alatau Zharyk Company" JSC redeemed bonds with a nominal value of Tenge 10,043,515 thousand and coupon interest accrued on the date of redemption.

Bonds of "Special Financial Company DSFK" LLP

The Company's deposits with Bank "RBK Bank" JSC were converted into bonds in accordance with the Government Resolution (Note 5).

7 Loans issued (Continued)

The loan issued to "Alatau Zharyk Company" JSC

On 31 January 2011 the Company issued a loan to "Alatau Zharyk Company" JSC in the amount of Tenge 7,000,000 thousand for construction and reconstruction of substations and other facilities. The loan matures on 21 January 2024 the interest rate was 2% per annum payable quarterly.

As of 31 December 2017 outstanding balance amounted to Tenge 3,991,664 thousand (31 December 2016: Tenge 3,691,503 thousand). The carrying value of the loan is the present value of future cash flows discounted at a rate of 12.5%. Difference between the fair value of "Alatau Zharyk Company" JSC loan at the date of initial recognition and its nominal value of Tenge 3,675,691 thousand less income tax was recognised as an additional investment in "Alatau Zharyk Company" JSC.

Loan issued to "First Wind Power Plant" LLP

In 2016, the Company issued loans to "First Wind Power Plant " LLP in the amount of Tenge 1,828,288 thousand to repay the loan from the Eurasian Development Bank. The fixed interest rate is set at 14%. Principal and accrued interest are repayable at the end of the loan term.

8 Other non-current assets

In thousands of Kazakhstani tenge	31 December 2017	31 December 2016
Accounts receivable	11,690,78	
Liability on provided financial guarantee to "First Wind Power Plant" LLP	1,378,374	1,211,193
Other receivables from employees	95,053	105,525
Total financial other non-current assets	**13,164,208**	**1,316,718**
Prepayments for non-current assets	-	2,200,000
Total other non-current assets	**13,164,208**	**3,516,718**

As of 31 December 2017 accounts receivable in the amount of Tenge 11,690,781 thousand represent non-current receivables from the buyers of the Company's subsidiaries that were disposed during 2017 (Note 11). Current portion in the amount of Tenge 1,726,568 thousand is included in other current assets (Note 9).

Financial receivable amounting Tenge 3,622,539 thousand is due from the company with Fitch's credit rating BB-. The remaining part of the financial receivable in the amount of Tenge 9,511,669 thousand is due from companies without credit ratings.

As of 31 December 2017, financial receivable is neither past due nor impaired. Financial receivable as of 31 December 2017 are fully denominated in Tenge (31 December 2016: fully denominated in Tenge).

9 Other current assets

In thousands of Kazakhstani tenge	31 December 2017	31 December 2016
Dividends receivable	6,380,082	2,436,471
Term deposits	3,037,304	27,394,854
Other receivables	1,726,568	
Total financial other current assets	**11,143,954**	**29,831,325**
Asset held for the benefit of the Shareholder	1,387,077	1,096,559
Advances to suppliers	130,470	241,719
Other	161,942	130,507
Total other current assets	**12,823,443**	**31,300,110**

Dividends receivable

Dividends receivable in the amount of Tenge 5,099,000 thousand are due from subsidiaries with Fitch's credit rating BB. As of 31 December 2017, dividends receivable in the amount of Tenge1,281,082 thousand are denominated in US dollars (31 December 2016: Tenge 1,728,179 thousand). As at 31 December 2017 dividends receivable neither past due nor impaired.

Term deposits

Information on carrying value of term deposits as of 31 December 2017 is as follows:

Bank	Rating (S&P)	Amount	Repayment date	Interest rate	Currency
ATF Bank	**B**	1,817,850	16.10.2018	10.5%	Tenge
Qazaq Banki	**B-**	1,200,774	15.08.2017	4%	US Dollars
Eurasian Bank	**B**	10,000	16.10.2018	10%	Tenge
Kassa Nova Bank	**B**	8,680	31.12.2017	12%	Tenge
Total		**3,037,304**			

In February 2018 the rating of Qazaq Banki was lowered to CCC+/C.

Information on carrying value of term deposits as of 31 December 2016 is as follows:

Bank	Rating (S&P)	Amount	Repayment date	Interest rate	Currency
Tsesna Bank	B+	8,998,830	24.12.2017	2.10%	US Dollars
Qazaq Banki	B-	6,399,168	24.12.2017	5.35%	US Dollars
Eurasian Bank	B	4,343,963	27.11.2017	3%	US Dollars
RBK Bank	CCC	3,277,492	01.08.2017	4%	US Dollars
ATF Bank	B-	2,653,633	09.06.2017	4%	US Dollars
Bank Astana	B	1,721,768	22.08.2017	10%	Tenge
Total		**27,394,854**			

9 Other current assets (Continued)

Other receivables

Receivable in the amount of Tenge 1,726,568 thousand represents current portion of the receivable from buyers of subsidiaries, which were disposed during 2017. Receivable in the amount of Tenge 1,696,568 thousand is due from a company with a credit rating of Fitch BB-. The remaining part of financial receivable in the amount of Tenge 30,000 thousand is due from the company without a credit rating. As at 31 December 2017 receivables neither past due nor impaired. As of 31 December 2017 receivable are denominated in Tenge.

Assets held for the benefit of the Shareholder

On behalf of the Shareholder, the Company has made a commitment for the construction of a kindergarten in Astana for the amount of Tenge 1,174,068 thousand. The Company has accrued liability for the estimated amount of construction for amount of Tenge 1,174,068 thousand as other distributions to shareholder. As at 31 December 2016 the Company incurred expenses associated with the construction of a kindergarten of Tenge 1,388,077 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 2017 as the distribution of income to the shareholder pursuant to the decision of the shareholder.

10 Cash and cash equivalents

In thousands of Kazakhstani tenge	**31 December 2017**	**31 December 2016**
Cash on bank accounts – US dollars	7,976,305	876,408
Cash on bank accounts – Tenge	6,151,677	105,821
Cash on term deposits up to 3 months– Tenge	10,000	3,800,000
Cash on bank accounts – Euro	2,594	27,593
Cash on hand	2,253	2,652
Cash on bank accounts – rubles	-	2
Total cash and cash equivalents	**14,142,829**	**4,812,476**

The table below presents the credit ratings (if available) as of the end of the respective reporting period. As of 31 December 2017, cash and cash equivalents neither past due nor impaired.

In thousands of Kazakhstani Tenge	**Rating (S&P)**	**31 December 2017**	**31 December 2016**
Neither past due nor impaired:			
Halyk Bank	BB	7,861,003	4,672,094
Qazaq Banki	B-	6,020,000	39,786
Tsesnabank	B+	182,316	15,270
Bank RBK	CCC	53,619	23,045
Kassa Nova Bank	B	10,000	-
ATF Bank	B-	7,934	8,735
Kazkommertsbank	B+	4,523	35,055
SB Sberbank	BB+	1,145	1,857
Bank Center Credit	B	36	6
Bank of Astana	B	-	13,976
Total cash and cash equivalents		**14,140,576**	**4,809,824**

In February 2018 rating of Qazaq Banki as lowered to CCC+/C.

11 Assets held for sale

On 23 of November 2016 the Board of Directors approved the terms of sale a number of subsidiaries in accordance with the Decree of the Government on the privatization of assets. As of 31 December 2017 all assets and liabilities of Tegis Munai LLP ("TM"), and its subsidiary Mangyshlak Munai LLP ("MM") have been included in assets held for sale.Below is presented information on assets held for sale:

In thousands of Kazakhstani tenge	31 December 2017	31 December 2016
Investments in "Tegis Munay" LLP	15,810,776	15,496,516
Investments in "East-Kazakhstan regional electricity distribution company" JSC	-	7,723,741
Investments in "Aktobe Thermal Power Station" JSC	-	7,176,726
Investments in "Mangistau Electricity Distribution Company" JSC	-	785,297
Total assets held for sale	**15,810,776**	**31,182,280**

In 4th quarter 2017 the Company sold its controlling interest in East-Kazakhstan regional electricity distribution company JSC ("VKREC"), Shygys Energo Trade LLP ("SHET"), Mangistau Electricity Distribution Company ("MEDC") and Aktobe Thermal Power Station JSC ("ATPS"). Companies investments in these subsidiaries were previously classified as assets held for sale.

In thousands of Kazakhstani tenge	MEDC 9 November 2017	VKREC, including SHET 20 December 2017	ATPS 28 December 2017	Total
The Company's investments in	785,297	7,723,741	7,176,726	15,685,764
The Company's dividends receivable from a subsidiary	-	-	1,140,233	1,140,233
Carrying value of net assets disposed	**785,297**	**7,723,741**	**8,316,959**	**16,825,997**

In thousands of Kazakhstani tenge	MEDC 9 November 2017	VKREC, including SHET 20 December 2017	ATPS 28 December 2017	Total
Total disposal consideration	**7,906,959**	**10,405,280**	**9,740,233**	**28,052,472**
Less: the fair value of accounts receivable arising from the sale	(5,313,966)	(6,859,280)	(1,140,233)	(13,313,479)
Receipt of cash from sale	**2,592,993**	**3,546,000**	**8,600,000**	**14,738,993**

11 Assets held for sale (Continued)

In thousands of Kazakhstani tenge	MEDC 9 November 2017	VKREC, including SHET 20 December 2017	ATPS 28 December 2017	Total
Consideration for disposal of the subsidiary	7,786,390	10,268,731	9,740,238	27,795,353
Carrying amount of disposed net assets, net of non-controlling interest	(785,297)	(7,723,741)	(8,316,959)	(16,825,997)
Gain on disposal of subsidiary	**7,001,093**	**2,544,990**	**1,423,279**	**10,969,362**

The Company received dividend income in the amount of Tenge 603,850 thousand from MEDC and ATPS during 2017

12 Share capital

	Issue date	Number of authorised and issued shares	Value per share, Tenge	Share Capital, (thousands of Tenge)
Paid-in capital at 1 January 2016		**5,585,723**		**355,650,405**
15th issue of shares	1 April 2017	10,964	1,000,044	10,964,483
16th issue of shares	14 July 2017	2,239	1,340,000	3,000,260
17th issue of shares	23 August 2017	2,761	1,340,000	3,699,740
Paid-in capital at 31 December 2016		**5,601,687**		**373,314,888**
Paid-in capital at 31 December 2017		**5,601,687**		**373,314,888**

At 31 December 2017 5,601,687 issued common shares were fully paid (31 December 2016: 5,601,687 shares fully paid). Each ordinary share carries one vote. The Company does not have any preference shares.

At 31 December 2017 SWF "Samruk-Kazyna" is a 100% shareholder of the Company (2016: 100%).

The Company declared dividends of Tenge 4,704,895 thousand on 25 May 2017 (2016: Tenge 2,041,000 thousand. Dividends were fully paid during 2017.

13 Borrowings

In thousands of Kazakhstani tenge	31 December 2017	31 December 2016
Non-current portion		
Long-term loans	68,231,270	10,670,000
Borrowings from "Samruk-Kazyna"	57,350,979	55,764,655
Bonds	47,921,800	-
Total borrowings – non-current portion	**173,504,049**	**66,434,655**
Current portion		
Short-term bank loans	5,000,000	1,248,900
Borrowings from Samruk-Kazyna	2,381,109	2,381,109
Interest accrued – bonds	1,089,722	190,947
Interest accrued – bank loans	738,662	214,708
Interest accrued – borrowings from Samruk-Kazyna	227,753	236,087
Bonds	-	166,560,927
Total current portion	**9,437,246**	**170,832,678**
Total borrowings	**182,941,295**	**237,267,333**

Below table represents carrying amounts and fair values of borrowings:

	31 December 2017		31 December 2016	
In thousands of Kazakhstani tenge	Carrying amounts	Fair value	Carrying amounts	Fair value
Borrowings from Samruk-Kazyna	59,959,841	46,240,712	58,381,852	53,653,250
Bonds	49,011,522	48,807,574	166,751,874	167,789,851
Bank loans	73,969,932	75,186,781	12,133,608	12,133,608
Total borrowings	**182,941,295**	**170,235,067**	**237,267,333**	**233,576,709**

Samruk-Kazyna

On 17 March 2010 the Company signed a loan agreement with Samruk-Kazyna for amount of Tenge 48,200,000 thousand for the purpose of re-financing of debt arising as the result of acquisition of 50% interest in Forum Muider. The loan carries an interest rate of 1.2% per annum with maturity not later than 15 September 2029. The principal amount is payable in equal annual instalments and interest is payable by semi-annual payments starting from the following reporting year after the receipt of loan.

On 14 January 2011 the Company signed a loan agreement with Samruk-Kazyna for amount of Tenge 7,000,000 thousand for the purpose of financing construction of substation of AZhK. The loan carries an interest rate of 2% per annum with maturity not later than 25 January 2024. The principal amount is payable at maturity and interest is payable by semi-annual payments.

On 16 January 2014 the Company signed a loan agreement with Samruk-Kazyna for amount of Tenge 200,000,000 thousand for the purpose of acquisition of remaining share in EGRES-1. The principal amount is payable on 1 December 2028 and interest at 7.8% is payable by semi-annual payments.

On 3 October 2014 the loan agreement was substantially modified pursuant to the addendum #1 to the loan agreement in the following way:

- Principal amount Tenge 100,000,000 thousand was extinguished as a contribution to share capital;
- Interest rate on the remaining principal amount was increased to 9%, which approximates the market interest rate.

13 Borrowings (Continued)

On 25 December 2015 the loan agreement was significantly amended in accordance with the amendment to credit agreement, 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 modification in the loan terms. Management believes that such 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 recognised 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.

The European Bank for Reconstruction and Development

In December 2016 the Company opened a non-revolving line of credit for 100 million Euros to refinance Eurobonds. In September 2017 the Company received two tranches for amount of Tenge 39,114,450 thousand within line of credit. The interest rate is 3.5% and 4.5% plus the annual margin, determined by the bank on a quarterly basis, and is payable twice a year. The principal is payable twice a year and at maturity.

Halyk Bank JSC

In August 2017 the Company opened a non-revolving credit facility for Tenge 40,000,000 thousand to refinance Eurobonds and for other corporate purposes. The interest rate is 14.2% per annum and is payable quarterly. The main principal is payable twice a year. In December 2017 the Company early repaid Tenge 15,000,000 thousand.

Bonds

Within its bond program in August and September 2017 the Company issued and placed bonds for the total amount of Tenge 20,000,000 thousand and Tenge 28,000,000 thousand, respectively, with a nominal value of Tenge 1 thousand per bond with a five-year term. The coupon rate is 13% and 12.5% per annum, respectively, and is payable annually and on a quarterly basis.

Kazcommertzbank JSC

In 2015 within the credit line agreement the Company obtained a borrowing in the amount of Tenge 10,000,000 thousand for a period of 5 years in order to replenish working capital. The effective interest rate on this borrowing was 12.7%.

Eurobonds

Based on the decision of the Board of Directors of 7 September 2012 and 6 December 2012, the Company issued 500,000 Eurobonds without collateral. The coupon interest rate was fixed at 3.75% per annum (effective rate 3.85%). The nominal value of one bond amounted 1,000 US dollars. The issue was registered on the Irish Stock Exchange on 20 December 2012. The company issued and placed the full amount of Eurobonds in the amount of US dollars 500,000 thousand. In September and December 2017 the Company fully repaid Eurobonds in accordance with the schedule.

Debt reconciliation

The table below sets out an analysis of net debt and the movements in the Company’s liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

In thousands of Kazakhstani Tenge	2017	2016
Borrowings as at 1 January	**237,267,333**	**248,505,092**
Borrowings obtained	86,021,450	1,882,800
Bonds issued	48,000,000	-
Borrowings repaid	(26,230,009)	(13,079,109)
Bonds repaid	(167,994,272)	-
Interest accrued	12,767,023	9,561,093
Interest paid	(11,323,556)	(9,976,540)
Foreign exchange adjustments	1,345,665	(3,486,858)
Unwinding of present value discount	4,088,623	3,864,729
Other payments	(1,000,962)	(3,874)
Borrowings as at 31 December	**182,941,295**	**237,267,333**

14 Dividend income

In thousands of Kazakhstani tenge	2017	2016
Dividend income from EGRES-1	9,599,000	2,200,000
Dividend income from Forum Muider B.V	6,345,062	4,984,002
Dividend income from "Bukhtarminskaya HPP" JSC	2,577,011	2,420,599
Dividend income from "Almaty Power Plants" JSC	889,056	-
Dividend income from EGRES-2	-	(1,500,000)
Other	750,614	312,765
Total dividend income	**20,160,743**	**8,417,366**

15 General and administrative expenses

In thousands of Kazakhstani tenge	2017	2016
Payroll and related expenses	2,365,503	2,468,579
Consulting and other services	1,646,580	1,287,222
Taxes	348,252	185,860
Rent expenses	347,463	338,046
Depreciation of property, plant and equipment and amortisation of intangible assets	327,513	344,763
Membership fees	96,149	162,800
Staff training and related costs	85,723	77,599
Business trip expenses	80,365	142,312
Insurance	41,132	40,546
Communication expenses	32,574	36,073
Others	807,337	508,697
Total general and administrative expenses	**6,178,591**	**5,592,497**

16 Other operating expenses

In thousands of Kazakhstani tenge	2017	2016
Impairment of investments in "Balkhash TPP" JSC	32,085,280	-
Impairment of loans issued to "Balkhash TPP" JSC	348,009	-
Impairment of loans issued to "Energia Semirechya" LLP	596,349	-
Impairment receivables from "Energia Semirechya" LLP	151,510	-
Net foreign exchange differences	127,441	395,813
Impairment of investments in "KaragandaGiproShakht" LLP	-	131,303
Impairment of investments in "Moinak HPP' JSC	-	5,399,568
Others	184,062	21,005
Total other operating expenses	**33,492,651**	**5,947,689**

17 Finance income

In thousands of Kazakhstani tenge	2017	2016
Interest income on bonds	2,431,048	3,453,090
Interest income on bank deposits	1,163,089	1,326,390
Interest income on financial aid issued	400,654	863,014
Unwinding of present value discount	300,161	282,861
Income on guarantees issued	311,345	357,098
Gains less losses from foreign exchange gains on loans and borrowings	-	3,486,858
Other	766,665	128,817
Total finance income	**5,372,962**	**9,898,128**

18 Finance costs

In thousands of Kazakhstani tenge	2017	2016
Interest expenses on bonds	7,625,337	6,405,375
Interest expense on borrowings	5,141,682	3,155,718
Unwinding of present value on loans issued and financial aid from shareholders	4,088,623	3,864,729
Losses less gains on exchange differences on loans and borrowings	1,345,665	-
Impairment of bank deposits	812,926	-
Loss from indexation of bonds	396,019	706,726
Other	555,936	133,158
Total finance costs	**19,966,188**	**14,265,706**

19 Income tax

In thousands of Kazakhstani tenge	2017	2016
Current income tax	177,890	272,740
Deferred income tax	-	-
Total income tax expense	**177,890**	**272,740**

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

In thousands of Kazakhstani tenge	2017	2016
Loss before tax from continuing operations under IFRS	(33,590,535)	(7,470,564)
Profit before tax from discontinued operations under IFRS	11,573,212	-
Theoretical tax benefit at statutory rate of 20% (2016: 20%)	(4,403,465)	(1,494,113)
Adjustments for:		
Dividend income	(4,152,919)	(1,683,473)
Unused exemption from taxation due to lack of taxable income	(2,626,182)	-
Withholding tax income	177,890	272,740
Others	127,344	126,111
Changes in unrecognised deferred income tax assets	10,621,863	4,396,955
Correction of prior periods	433,359	(1,345,480)
Total income tax expense	**177,890**	**272,740**

19 Income tax (continued)

Differences between IFRS and Kazakhstani statutory taxation regulations 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 are detailed below, and are recorded at the rate applicable to period of assets realisation or liabilities settlement.

In thousands of Kazakhstani tenge	1 January 2017	Charged/ (credited) to profit or loss	Charged/(credited to reserve	31 December 2017
Tax effect of deductible temporary differences				
Tax losses carried forward	18,330,787	3,096,198	-	21,426,985
Loans issued	709,163	326,986	390,204	1,426,353
Investments in subsidiaries, joint ventures and associates	1,227,997	5,997,480	-	7,225,477
Other receivables	327,569	461,446	-	789,015
Guarantees	286,455	166,123	-	452,578
Gross deferred income tax assets	**20,881,971**	**10,048,233**	**390,204**	**31,320,408**
Unrecognised gross deferred income tax assets	(4,396,956)	(10,621,863)	(390,204)	(15,409,023)
Less offsetting with deferred income tax liabilities	(16,485,015)	573,630	-	(15,911,385)
Recognised deferred income tax assets	**-**	**-**		**-**
Tax effect of taxable temporary differences				
Property, plant and equipment	(30,248)	(44,395)	-	(74,643)
Borrowings	(16,454,767)	618,025		(15,836,742)
Gross deferred income tax liabilities	**(16,485,015)**	**573,630**	**-**	**(15,911,385)**
Less offsetting with deferred income tax assets	**16,485,015**	**(573,630)**	**-**	**15,911,385**
Recognised deferred income tax liabilities	**-**	**-**		**-**

19 Income tax (continued)

The Company does not expect to receive taxable income in the foreseeable future, other than income that is subject to withholding tax.

In thousands of Kazakhstani tenge	1 January 2016	Charged/ (credited) to profit or loss	31 December 2016
Tax effect of deductible temporary differences			
Tax losses carried forward	16,211,135	2,119,652	18,330,787
Loans issued	730,533	(21,370)	709,163
Investments in subsidiaries, joint ventures and associates	266,056	961,941	1,227,997
Other receivables	41,503	286,066	327,569
Guarantee	-	286,455	286,455
Gross deferred income tax assets	**17,249,227**	**3,632,744**	**20,881,971**
Unrecognised gross deferred income tax assets	-	(4,396,956)	(4,396,956)
Less offsetting with deferred income tax liabilities	(17,249,227)	764,212	(16,485,015)
Recognised deferred income tax assets	**-**	**-**	**-**
Tax effect of taxable temporary differences			
Property, plant and equipment	(116,166)	85,918	(30,248)
Borrowings	(17,133,061)	678,294	(16,454,767)
Gross deferred income tax liabilities	**(17,249,227)**	**764,212**	**(16,485,015)**
Less offsetting with deferred income tax assets	17,249,227	(764,212)	16,485,015
Recognised deferred income tax liabilities	**-**	**-**	**-**

As at 31 December 2017 the Company did not recognise the deferred income tax asset for unused tax losses carried forward for subsequent periods in the amount of Tenge 32,065,970 thousand (31 December 2016: Tenge 21,984,780 thousand).

20 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.

On 20 August 2015 the National Bank and the Government of the RoK 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 of the date of this report, the official exchange rate of the Kazakhstan Stock Exchange was 321.98 tenge per US dollar compared to Tenge 332.33 per US dollar as of 31 December 2017 (31 December 2016: Tenge 333.29 for 1 US dollar). Thus, there is uncertainty about the exchange rate of tenge, as well as the impact of this factor on the economy of the RoK.

In January 2016, the international rating agency Standard & Poor has significantly reduced its forecasts for oil prices in the period 2016-2019. As the economy of Kazakhstan is largely dependent on the oil and gas sector, Standard & Poor is now expecting stagnation or a very small increase in GDP. Accordingly, in February 2016, Standard & Poor lowered Kazakhstan's long-term credit ratings on liabilities in foreign and national currencies from BBB + to BBB-. In addition, S & P lowered Kazakhstan's short-term ratings on liabilities in foreign and national currencies from "A-2" to "A-3", and the national scale rating from "kzAA +" to "kzAA".

The outlook on the long-term ratings is "stable". The stable outlook reflects the opinion of S & P agency about fixed financial expenses of authorities in respect to the plans for recapitalization of the banking sector and about economic activity that will remain relatively stable until 2020.

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. 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 energy sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations. 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 has assessed the potential impairment of long-term assets of the Company, taking into account the current economic situation and its prospects (Note 4). Future economic situation and regulatory environment may differ from the current expectations of management.

Tax legislation

The tax conditions in the Republic of Kazakhstan are changeable and subject to inconsistent application, and interpretation. Discrepancies in the interpretation of Kazakh laws and regulations by the Company and Kazakhstan's authorised bodies may result in imposition of additional taxes, fines and penalties. Kazakhstani tax legislation and practice is in a state of continuous development and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In some cases, in order to determine the taxable base, the tax law refers to the provisions of IFRS, and the interpretation of the relevant provisions of IFRS by Kazakhstani tax authorities may differ from the accounting policies, judgments and estimates applied by management in the preparation of these financial statements, which may lead to additional tax liabilities of the Company.

The Company management believes that its interpretation of the relevant legislation is appropriate and the Company’s tax positions will be sustained. In the opinion of the Company management, no material losses will be incurred in respect of existing and potential tax claims in excess of provision that have been made in these separate 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.

20 Contingencies and Commitments and Operating Risks (Continued)

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 the results of which could have a significant adverse effect on the Company’s financial position.

Contingent liability on Put Option

As described in Note 4, on 31 August 2016 Samsung C&T notified Company its intention to exercise the option to sell the shares in accordance with the Option Agreement, estimating its contributions to USD 192 million.The Government of the Republic of Kazakhstan is conducting negotiations on resolution of issues related to the Samsung C&T’s exit from the Project, including the Samsung's claim in respect of their Option to sell their shares. There is currently no negotiation between the Company and Samsung C&T regarding the Option to sale shares. Currently, the Government of the Republic of Kazakhstan and Samsung C&T are in the active phase of the negotiation process. Considering the government's position and status of negotiation the Company believes that the likelihood of a material outflow of economic resources from the Company with respect to the Put Option is not probable. Accordingly, in the separate financial statements as at and for the year ended 31 December 2017, the Company did not create any provision in respect of the option exercised by Samsung C&T (Note 4).

Covenants on borrowings

The Company has certain covenants on loans and bonds. Failure to comply with these covenants may result in negative consequences for the Company, including the increase in borrowing costs and the announcement of a default. During 2017 the Company breached the covenants on loans from “Halyk Bank of Kazakhstan” JSC and the European Bank for Reconstruction and Development in respect of compliance with the indicators debt / EBITDA and EBITDA / interest expenses. The company received letters from banks on admitting the excess of these restrictive conditions, respectively, the long-term portion of these loans was not classified into short-term liabilities as of 31 December 2017.

Financial guarantees

At 31 December 2017, the Company has guarantees issued for the borrowings received by “First Wind Power Plant” LLP and “Shardarinsk HPP” 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.

In thousands of Kazakhstani tenge	**Long-term financial guarantee**		**Amount of guaranteed liabilities**		**Warranty Period**		
Company	**31 December 2017**	**31 December 2017**	**31 December 2017**	**31 декабря 2016 г.**	**Year of issue of the guara ntee**	**War-ranty vali-dity period** (years old)	**Esti-mated guaran-tee rate**
“Shardarinsk HPP” JSC	1,558,102	626,877	12,950,000	11,450,000	2015 – 2017	11-13	3%
“First Wind Power Plant” LLP	704,790	805,396	14,167,000	13,174,957	2014	10	1%
Total	**2,262,892**	**1,432,273**	**27,117,000**	**24,624,957**			

21 Financial Instruments by Category

Accounting policies on financial instruments categories were applied for below listed items:

In thousands of Kazakhstani tenge	**Note**	**31 December 2017**	**31 December 2016**
Loans and receivables:			
Cash and cash equivalents	10	14,142,829	4,812,476
Term deposits	9	3,037,304	27,394,854
Dividends receivable	9	6,380,082	2,436,471
Financial receivables	8	13,417,349	-
Receivables from subsidiaries on loans issued	8	1,378,374	1,211,193
Loans issued	7	12,635,688	50,223,273
Receivables from employees	8	95,053	105,525
Total financial assets		**51,086,679**	**86,183,792**
Other financial liabilities			
Borrowings	13	182,941,295	237,267,333
Non-current financial guarantee		2,262,892	1,432,273
Financial accounts payable		750,235	438,612
Total financial liabilities		**185,954,422**	**239,138,218**

22 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 minimize 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.

22 Financial risk management (Continued)

(a) Credit risk

The company is exposed to credit risk, namely the risk that one side of a financial instrument will bring a financial loss to the other party, as it will not be able to fulfill its obligation.

The maximum credit risk that the Company faces in terms of asset classes includes:

In thousands of Kazakhstani Tenge		**31 December 2017**	**31 December 2016**
Loans issued			
-Loans	7	6,184,111	6,452,393
-Bonds	7	6,451,577	43,770,880
Other non-current assets			
- Receivables from third parties	8	11,690,781	-
- Receivables from subsidiaries on loans issued	8	1,378,374	1,211,193
- Other receivables	8	95,053	105,525
Other current assets			
- Dividends receivable	9	6,380,082	2,436,471
- Term deposits	9	3,037,304	27,394,854
- Receivables		1,726,568	-
Cash and cash equivalents			
- Cash on current bank accounts	10	14,130,576	1,009,824
- Term deposits	10	10,000	3,800,000
- Cash on hand	10	2,253	2,652
Total balance sheet exposure		**51,086,679**	**86,183,792**
Financial guarantees - the amount of loans for which guarantees were issued		27,117,000	24,624,957
Total maximum credit risk		**78,203,679**	**110,808,749**

Analysis of financial assets credit quality is presented in Notes 7,8,9, and 10.

(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.

22 Financial risk management (Continued)

(b) Liquidity risk (continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

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 2017					
Borrowings	1,253,269	3,296,141	13,271,130	89,787,005	150,880,712
Bonds payable	-	2,175,000	3,925,000	71,525,000	-
Other payables and accrued liabilities	-	1,354,331	-	-	-
Financial guarantees	27,117,000	-	-	-	-
Total financial liabilities	**28,370,269**	**6,825,472**	**17,196,130**	**161,312,005**	**150,880,712**
At 31 December 2016:					
Borrowings	70,000	2,906,896	3,595,793	29,648,258	136,922,756
Bonds payable	-	-	172,894,188	-	-
Other payables and accrued liabilities	-	907,796	-	-	-
Financial guarantees	24,624,957				
Total financial liabilities	**24,694,957**	**3,814,692**	**176,489,981**	**29,648,258**	**136,922,756**

Financial guarantee amount shown in the table is equal to the book value of borrowings for which the Company issued guarantees. The Company bears irrevocable obligations to effect payments in the event of subsidiaries' failure to meet obligations.

(c) Market risk

Currency risk

Certain term deposits (Note 9) and cash and cash equivalents (Note 10) and dividends receivable (Note 9) are denominated in foreign currency (in US dollars and Euro), therefore the Company is exposed to currency risk. Due to limited choice of derivative financial instruments in the Kazakhstani market and because 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.

22 Financial risk management (Continued)

(c) Market risk (continued)

The table below shows 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 2017:				
Assets	10,458,161	2,594	-	10,460,755
Liabilities	-	(1,233)	-	(1,233)
Net position	**10,458,161**	**1,361**	**-**	**10,459,522**
At 31 December 2016:				
Assets	28,301,296	114,543	3,602	28,419,441
Liabilities	(166,865,816)	(3,448)	(1,281,570)	(168,150,834)
Net position	**(138,564,520)**	**111,095**	**(1,277,968)**	**(139,731,392)**

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

	At 31 December 2017	At 31 December 2016
In thousands of Kazakhstani tenge	Impact on profit or loss	Impact on profit or loss
Strengthening of the US Dollar by [10%] (2016: strengthening by [13]%)	1,045,816	(18,013,388)
Weakening of the US Dollar by [10%] (2016 : weakening by [13]%)	(1,045,816)	18,013,388
Strengthening of euro by [10%] (2016: strengthening by [15]%)	136	16,664
Weakening of euro by [10%] (2016: weakening by [15]%)	(136)	(16,664)
Strengthening of other currencies by [10%] (2016: strengthening by [17%]%)	-	(217,255)
Weakening of other currencies by [10%] (2016: weakening by [17]%)	-	242,814

Interest rate risk

Changes in interest rates influences mainly borrowings, changing either their fair value (fixed interest rate debt liabilities) or future cash flows on them (floating interest rate debt liabilities). The Company's management does not have a formalised 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.

Capital risk management

The Company's objectives when managing capital are to ensure 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.

22 Financial risk management (Continued)

Capital risk management (continued)

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 2017	31 December 2016
Total borrowings	13	182,941,295	237,267,333
Less:			
Cash and cash equivalents	10	(14,142,829)	(4,812,476)
Net debt		168,898,466	232,454,857
Total equity		386,407,198	415,258,327
Total capital		**587,638,953**	**647,713,184**
Gearing ratio		**44%**	**56%**

23 Fair Value of Financial Instruments

Fair value measurement

The results of fair value evaluation are analysed and distributed to levels of fair value hierarchy: (i)the 1st level includes estimates on quoted prices (non-adjustable) in active markets for identical assets and liabilities, (ii) the 2nd level includes those received via evaluation methods in which all usable significant information is directly or indirectly observable for the asset or liability (i.e., e.g., price) and (iii) evaluations of 3rd level are estimates not based on observable market data (i.e., based on unobservable inputs). The management uses judgments when attributing financial instruments to a certain category in the fair value hierarchy. If the observable data, which require significant adjustments, are used in estimating fair value, then it refers to Level 3. The significance of the data used is assessed for total fair value measurement.

	31 December 2017				31 December 2016			
In thousands of Kazakhstani tenge	**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	-	14,142,829	-	14,142,829	-	4,812,476	-	4,812,476
Deposits with fixed terms	-	3,037,304	-	3,037,304	-	27,394,854	-	27,394,854
Financial receivables	-	14,890,776	-	14,890,776	-	1,316,717	-	1,316,717
Dividends receivable	-	6,380,082	-	6,380,082	-	2,436,471	-	2,436,471
Loans issued	-	12,635,688	-	12,635,688	219,900	50,003,373	-	50,223,373
Total financial assets	**-**	**51,086,679**	**-**	**51,086,679**	**219,900**	**85,963,891**	**-**	**86,183,891**
Liabilities								
Borrowings	-	170,235,067	-	182,941,295	167,789,851	65,786,858	-	237,267,334
Financial guarantees issued	-	2,262,892	-	2,262,892	-	1,432,273	-	1,432,273
Financial payables	-	750,235	-	750,235	-	438,612	-	438,612
Total financial liabilities	**-**	**173,248,194**	**-**	**185,954,422**	**167,789,851**	**67,657,743**	**-**	**239,138,219**

23 Fair Value of Financial Instruments (Continued)

The fair value measurement at Level 2 and Level 3 of the fair value hierarchy was performed using a discounted cash flow model. The fair value of financial instruments with floating interest rates that do not have quotations in an active market was adopted at an equal book value. The fair value of instruments with fixed interest rate that do not have quotations in an active market is based on a discounted cash flow model using existing interest rates in the borrowing market for new instruments that involve a similar credit risk and a similar maturity.

Financial assets carried at amortised value. The fair value of instruments with floating interest rates approximates their book value. The estimated fair value of fixed interest rate instruments is based on a discounting model for the amounts of expected future cash flows using existing interest rates for new instruments that involve a similar credit risk and a similar maturity. Discount rates used depend on the credit risk of a counterparty.

Liabilities carried at amortised value. The fair value of bonds is based on market quotes. The fair value of loans with a floating interest rate is approximately equal to the carrying amount. The estimated fair value of instruments with a fixed interest rate and a fixed maturity is based on the expected discounted cash flows using interest rates for new instruments with similar credit risk and a similar period until maturity.

24 Events after the reporting date

On 18 January 2018, ownership rights to 366,768 shares of "AHPS" JSC for the amount of Tenge 8,600,000 thousand were transferred.

On 25 January 2018 Company repaid EBRD principal and interest for Tenge 2,333,665 thousand (repayment of principal of Tenge 1,521,117 thousand and interest of Tenge 812,547 thousand).

On 6 March 2018 Company obtained a long-term loan of Tenge 1,500,000 thousand from SB "Sberbank of Russia" JSC, with a 13% interest rate and a term of 2 years.

On 7 March 2018 Company paid the first coupon on bonds in the amount of Tenge 2,175,000 thousand.

On 15 March 2018 Company repaid the loan from "Samruk-Kazyna" JSC and accrued interest in the amount of Tenge 2,381,109 thousand.

On 19 May 2018 financial aid of Tenge 2,980,478 thousand for 12 months was issued to "AlmatyEnergoSbyt" LLP using Company's funds in "Qazaq Banki" JSC. Financial aid will be returned to Company's bank details in "Halyk Bank of Kazakhstan" JSC. Purpose – effecting an advance payment by "Karaganda Energocenter" LLP under the contract for the purchase and sale of electricity d/d 16 March 2018 between "AlmatyEnergoSbyt" LLP and "Karaganda Energocenter" LLP.

On 28 March 2018 Company received dividends of Tenge 3,599,000 thousand from EGRES-1.

On 29 March 2018 Company made a partial early repayment of the principal debt in the amount of Tenge 4,421,698 thousand under the loan from the EBRD

On 29 March 2018 Company made a partial early repayment of the principal debt in the amount of Tenge 4,000,000 thousand under the loan from "Halyk Bank of Kazakhstan" JSC.

On 24 April 2018 Company obtained a long-term loan for Tenge 1,500,000 thousand from "Sberbank of Russia" SB JSC, with a 13% interest rate and a term of 2 years.

On 25 April 2018 Company made a planned repayment of the interest of Tenge 1,495,100 thousand under the loan from the EBRD

On 17 April 2018, "Bank Center Credit" JSC filed a request with the specialised interdistrict economic court of Almaty region about recognition of BTPP as a bankrupt. The reason of appealing of "Bank Center Credit" JSC to the court was BTPP's failure to perform obligations to the Bank under Tenge 14 bln. borrowing received. At the time of the issue of separate financial statements, the case is in judicial proceedings, the decision on declaring BTPP bankrupt has not been made.

The Company made a partial early repayment of the principal of Tenge 2,350,000 thousand under the loan from "Halyk Bank of Kazakhstan" JSC on 25 May 2018.

The Company early repaid the principal of Tenge 2,350,000 thousand under the loan from "Sberbank of Russia" SB JSC in May 2018.