



**“SAMRUK-ENERGY” JSC**

**Condensed separate interim financial statements (unaudited)**

**30 September 2020**

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**SAMRUK ENERGY JSC**  
**Condensed Separate Interim Statement of Financial Position**

<i>In thousands of Kazakhstani Tenge</i>	Note	30 September 2020 (unaudited)	31 December 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		314,897	373,929
Intangible assets		667,137	763,873
Right-of-use asset		621,287	982,052
Investments in subsidiaries and joint ventures	6	543,067,581	541,364,649
Loans given	7	46,111,739	47,955,694
Other non-current assets	8	2,342,056	2,160,716
<b>Total non-current assets</b>		<b>593,124,697</b>	<b>593,600,913</b>
<b>Current assets</b>			
Inventories		24,208	36,431
Loans given	7	13,564,095	15,669,815
Other current assets	9	13,061,148	11,396,351
Cash and cash equivalents	10	1,970,646	1,298,005
<b>Total current assets</b>		<b>28,620,097</b>	<b>28,400,602</b>
<b>TOTAL ASSETS</b>		<b>621,744,794</b>	<b>622,001,515</b>
<b>EQUITY</b>			
Share capital	11	376,045,927	373,314,888
Other reserves		90,143,030	91,643,030
Accumulated deficit		(41,036,141)	(54,741,536)
<b>TOTAL EQUITY</b>		<b>425,152,816</b>	<b>410,216,382</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	12	148,978,223	183,760,143
Non-current lease liabilities		509,434	689,052
Other non-current financial liabilities		1,350,156	1,469,449
<b>Total non-current liabilities</b>		<b>150,837,813</b>	<b>185,918,644</b>
<b>Current liabilities</b>			
Borrowings	12	44,483,282	23,638,774
Lease liabilities		301,958	346,314
Other payables and accrued liabilities	13	923,263	1,414,783
Liabilities to the Shareholder	14	-	363,571
Other taxes payable		45,662	103,047
<b>Total current liabilities</b>		<b>45,754,165</b>	<b>25,866,489</b>
<b>TOTAL LIABILITIES</b>		<b>196,591,978</b>	<b>211,785,133</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>621,744,794</b>	<b>622,001,515</b>
Carrying amount of one ordinary share	24	75,776	73,094

Signed on behalf of the Management on October 30, 2020.

Ryskulov Aidar Kairatovich  
 Managing Director for Economy and  
 Finance



Saule B. Tulekova

Head of Accounting and Tax Department,  
 Chief Accountant

The accompanying notes on pages 6 to 22 are an integral part of these condensed separate interim financial statements.

**SAMRUK-ENERGY JSC**  
**CONDENSED SEPARATE INTERIM STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

<i>In thousands of Kazakhstani Tenge</i>		<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>	<b>3 months ended 30 September 2020</b>	<b>3 months ended 30 September 2019</b>
	<b>Note</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Dividend income	15	34,954,503	43,416,527	2,866,950	6,051,994
Other operating income and expenses (net)	16	(3,131,835)	(794,598)	17,744	(19,962)
General and administrative expenses	17	(3,693,428)	(4,279,778)	(1,261,590)	(1,403,097)
<b>Profit/(loss) from core operations</b>		<b>28,129,240</b>	<b>38,342,151</b>	<b>1,623,104</b>	<b>4,628,935</b>
Recovery of financial assets (net)		213,084	1,122,862	163,432	574,566
Finance income	18	5,991,143	3,715,683	1,926,653	1,899,618
Finance costs	19	(17,513,054)	(17,037,093)	(5,566,209)	(5,790,033)
<b>Pretax profit/(loss)</b>		<b>16,820,413</b>	<b>26,143,603</b>	<b>(1,853,020)</b>	<b>1,313,086</b>
Income tax expense	20	(48,787)	(66,827)	(14,682)	(1,452)
<b>Profit/(loss) for the period</b>		<b>16,771,626</b>	<b>26,076,776</b>	<b>(1,867,702)</b>	<b>1,311,634</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>16,771,626</b>	<b>26,076,776</b>	<b>(1,867,702)</b>	<b>1,311,634</b>

**SAMRUK-ENERGY JSC**  
**Condensed Separate Interim Statements of Changes in Equity**

<i>In thousands of Kazakhstani Tenge</i>	Note	Share capital	Other reserves	(Retained loss)/ Retained earning	Total equity
<b>Balance as at 1 January 2019</b>		<b>373,314,888</b>	<b>91,643,564</b>	<b>(86,635,985)</b>	<b>378,322,467</b>
Income for the period (unaudited)		-	-	33,935,449	<b>33,935,449</b>
Other comprehensive loss		-	(534)		<b>(534)</b>
Total comprehensive (loss)/ income for the period (unaudited)		-	(534)	33,935,449	<b>33,934,915</b>
Declared dividends	11	-	-	(2,041,000)	<b>(2,041,000)</b>
<b>Balance as at 1 January 2020</b>		<b>373,314,888</b>	<b>91,643,030</b>	<b>(54,741,536)</b>	<b>410,216,382</b>
Income for the period (unaudited)		-	-	<b>16,771,626</b>	<b>16,771,626</b>
Total comprehensive profit for the period (unaudited)		-	-	<b>16,771,626</b>	<b>16,771,626</b>
Capital contributions	11	2,731,039	(1,500,000)	-	<b>1,231,039</b>
Declared dividends	11	-	-	(3,066,231)	<b>(3,066,231)</b>
<b>Balance as at 30 September 2020 (unaudited)</b>		<b>376,045,927</b>	<b>90,143,030</b>	<b>(41,036,141)</b>	<b>425,152,816</b>

**SAMRUK-ENERGY JSC**  
**Condensed separate interim statements of cash flow**

<i>(i) In thousands of Kazakhstani Tenge</i>	Note	9 months ended 30.09.2020	9 months ended 30.09.2019
<b>Cash flows from operating activities:</b>			
<b>Cash proceeds, total</b>		<b>3,252,736</b>	<b>816,784</b>
Interest received		3,154,324	681,352
Other proceeds		98,412	135,432
<b>Cash outflow, total</b>		<b>(13,008,997)</b>	<b>(14,034,930)</b>
Payments to suppliers for goods and services		(1,259,073)	(2,147,057)
Advances paid		(71,854)	(209,716)
Payments on wages		(1,622,927)	(1,740,825)
Repayment of interest on loans received		(7,647,124)	(5,451,383)
Repayment of interest on debt securities		(1,623,802)	(3,579,323)
Repayment of interest on obligations under financial lease		(98,597)	(116,468)
Corporate income tax		(101,878)	(73,683)
Other payments to the budget		(174,352)	(214,595)
Other payments		(409,390)	(501,880)
		<b>(9,756,261)</b>	<b>(13,218,146)</b>
<b>Net cash used in operating activities</b>			
<b>Cash flows from investment activities</b>			
<b>Cash proceeds, total</b>		<b>49,593,493</b>	<b>64,885,823</b>
Dividends received		32,085,349	40,040,719
Proceeds from sale of shares of subsidiaries		2,202,302	-
Proceeds from sale of financial instruments		192,300	-
Proceeds from the sale of intangible assets		-	39,002
Return of bank deposits		1,174,000	75,594
Repayment of loans issued		13,579,288	23,463,361
Proceeds from repayment of debt instruments by issuers		137,293	34,947
Other proceeds		222,961	1,232,200
<b>Cash outflows, total</b>		<b>(13,908,834)</b>	<b>(65,948,682)</b>
Acquisition of PPE and intangible assets		(230,941)	(126,296)
Borrowings and financial aid provided to subsidiaries and jointly controlled entities		(7,881,000)	(11,343,232)
Acquisition of debt instruments		-	(47,000,000)
Contribution to the equity of an associate without an increase in equity stake		-	(2,403,501)
Contribution to equity of subsidiaries		(3,617,893)	(5,075,653)
Placement of bank deposits,		(2,179,000)	-
		<b>35,684,659</b>	<b>(1,062,859)</b>
<b>Net cash used in investment activities</b>			
<b>Cash flows from financing activities</b>			
<b>Cash proceeds, total</b>		<b>16,710,342</b>	<b>138,670,800</b>
Obtaining of bank loans		16,710,342	138,670,800
<b>Cash outflow, total</b>		<b>(41,969,440)</b>	<b>(123,489,843)</b>
Repayment of loans from Samruk-Kazyna		(2,381,109)	(2,381,109)
Repayment of loans from banks and other organizations		(36,302,235)	(72,504,872)
Payment of dividends to shareholders		(3,066,231)	(2,041,000)
Payment of debt securities (bonds)		-	(44,872,498)
Financial lease principal repayment		(189,308)	(188,574)
-Other payments		(30,557)	(1,501,790)
		<b>(25,259,098)</b>	<b>15,180,957</b>
<b>Net cash flows used from financial activities</b>			
		<b>(144)</b>	<b>(259)</b>
Change in allowance for impairment of cash and cash equivalents			
Foreign exchange difference effect on cash and cash equivalents		<b>3,485</b>	<b>323</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>672,641</b>	<b>900,016</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10</b>	<b>1,298,005</b>	<b>256,275</b>
	<b>10</b>		
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>1,970,646</b>	<b>1,156,291</b>

## **1 The Company and its operations**

“Samruk-Energy” JSC (the Company) was established on 18 April 2007 and registered on 10 May 2007. The Company is a joint stock company set up in accordance with legislation 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), which is engaged in production of electricity, heat and hot water using 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 the place of business of the Company: the Republic of Kazakhstan, Astana c., 15 A, Kabanbay Batyr ave

### ***Operating environment***

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging markets. It 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. Ongoing political tension in the region, volatility of exchange rate have caused and may continue to cause negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity and creation of difficulties in attracting of international financing.

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. In response to the pandemic, the Kazakh authorities have taken numerous measures to contain the spread and impact of COVID-19, such as travel bans and restrictions, quarantines, restrictions on business activities, etc. These measures, among other things, severely restrict economic activity in Kazakhstan and have a negative impact and may continue to have adverse impact on business, market participants, customers of the Company, as well as on the Kazakhstani and global economy for an unknown period of time. Management takes appropriate measures to ensure the sustainability of the Company’s operations and to support its customers and employees.

At the same time, oil quotations collapsed on March 9, 2020 against the backdrop of OPEC deal collapse, the price of Brent crude in March this year fell below \$ 25 per barrel. The COVID-19 epidemic is spreading globally, having a dramatic negative effect on the entire world economy.

As of the date of issuance of these financial statements, the situation is still evolving, to date there has been no significant effect on the Company’s operations, however, the future effect is difficult to predict. Management will continue to monitor the potential impact of the above-mentioned events and will take all required actions to prevent negative consequences for the business.

## **2 Basis of preparation of financial statements and key accounting policies**

### ***Basis of preparation of financial statements***

These separate condensed interim financial statements for nine months ended 30 September 2020 were prepared in accordance with International Financial Reporting Standards (IFRS) 34 “Interim financial statements”. These separate condensed interim financial statements are subject to familiarization together with the Company’s annual separate financial statements as of 31 December 2019 prepared in accordance with IFRS.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period, except for the assessment of income tax and the adoption of new and revised standards, as set out below.

### ***Exchange rates***

As of September 30, 2020, the official exchange rate, which is used to translate balances in foreign currencies, was 431,82 tenge per 1 US dollar (December 31, 2019: 381,18 tenge per 1 US dollar).

## **2 Basis of preparation of financial statements and key accounting policies (continued)**

### ***Going concern principle***

Management has prepared these condensed separate interim financial statements on a going concern basis. Management decision is based on the financial position of the Company, its current intentions, profitability of operations and access to financial resources. As of 30 September 2020 current liabilities of the Company exceeded current assets by 17 134 068 thousand tenge.

The following factors were considered when assessing the ability of Samruk-Energy to continue its operations in the foreseeable future:

The company is of strategic importance for ensuring the reliability of Kazakhstan's energy system. The management and shareholders of the Company have neither the intention nor the need to liquidate the Company.

The Company's current liabilities of KZT 37 042 890 thousand represent debt to subsidiaries of the Company associated with financial aid obtained and services provided.

As of September 30, 2020, the Company has available funds under revolving credit lines from "Halyk Bank of Kazakhstan" JSC for the total amount of 50,000,000 thousand tenge and "Sberbank of Russia" JSC SB for the total amount 14, 000, 000 thousand tenge.

These separate financial statements do not include any adjustments to the carrying amounts of assets and liabilities, income and expenses, and classification of the statement of financial position that would be required if it is not possible to continue operating activities, such adjustments may be significant.

## **3 Changes in accounting policy**

The following revised standards and clarifications became mandatory for the Company from January 1, 2020, but did not have a significant impact on the Company:

- Amendments to Conceptual Framework for Financial Statements (issued on March 29, 2018 and effective for annual periods beginning on or after January 1, 2020).

Definition of a Business - Amendments to IFRS 3 (issued on October 22, 2018 and effective for acquisitions from the beginning of the annual reporting period beginning on or after 1 January 2020).

- Definition of Materiality - Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).

- Interest rate reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

## **4 Important accounting estimates and professional judgments in applying accounting policies**

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

Applied critical accounting estimates and judgments correspond to the accounting estimates and judgments applied in the preparation of the annual separate financial statements for the year ended 31 December 2019, with the exception of the calculation of the income tax provision and the adoption of new and amended standards.

### ***Impairment of non-financial assets***

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

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



**4 Important accounting estimates and professional judgments in applying accounting policies (continued)**

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

Measures aimed at containment of the spread and impact of COVID-19 severely restrict economic activity in Kazakhstan and have a negative impact and may continue to have a negative impact on the Company's business and customers, as well as on the Kazakh and global economy for an unknown period of time. Accordingly, they can reduce future cash flows or increase operating and other costs, as well as affect the way in which electricity tariffs are regulated by the Government to support the economy.

As of December 31, 2019, the Company conducted an impairment test for investments in subsidiaries: "Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP (ESDPP-1), "Tegis Munay" LLP and its subsidiary "Mangyshlak Munay" LLP ( hereinafter "Tegis Munay") and the joint venture "Ekibastuz SDPP-2 Plant" JSC ("ESDPP-2").

As a result of assessing whether there were any indications of impairment for the investment in ESDPP-2, management concluded that there were no indications of impairment at the date of the analysis. Accordingly, the management of the Group made a decision not to carry out an impairment test for PPE and intangible assets of ESDPP-2 and, accordingly, the Company's share in this enterprise as of June 30, 2020. The main factors indicating the absence of signs of impairment are a significant increase in the electricity tariff - from 7,73 tenge / kWh to 9,13 tenge / kWh from July 1, 2020, in accordance with the Order of the Minister of Energy of the Republic of Kazakhstan and the application of a new methodology for determining fixed income starting from 2021, taken into account when approving the cap tariffs for electricity as well as fixed profit for balancing electricity taken into account when approving the cap tariffs for balancing electricity, approved by Order of the Ministry of Energy of the Republic of Kazakhstan No. 205 dated May 22, 2020.

The company updated the tests for the impairment of investments in subsidiaries: "Ekibastuz SDP-1 named after Bulat Nurzhanov" LLP (hereinafter - "ESDPP-1"), "Tegis Munay" LLP and its subsidiary "Mangyshlak Munay" LLP (hereinafter "Tegis Munay") on On June 30, 2020, in accordance with IAS 36 "Impairment of Assets", these enterprises are exposed to the negative impact of the current economic situation.

**ESDPP -1**

The forecast of a ceiling tariff for electricity per unit kWh in 2020 is based on the tariff approved by Order of the RK Minister of Energy No. 243 dated June 29, 2020. Starting from 2021, the forecast tariff was calculated using the rules on the approval of a ceiling tariff for electricity, as well as the methodology for determining fixed income, taken into account when approving the ceiling tariffs for electricity, as well as the fixed profit for balancing, taken into account when approving the ceiling tariffs for balancing electricity, approved by the Order of the Ministry of Energy of the Republic of Kazakhstan No. 205 dated May 22, 2020.

The following table shows main changes in assumptions where the impairment test calculations have been updated as of 31 May 2020:

**Sales volume:**

<b>As of 31 May 2020</b>	<b>Meas.unit</b>	<b>6 M 2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Electricity tariff - Kazakhstan	tenge/kWh mln.tenge/ (MW*month)	5.80	8.61	8.78	8.80	8.76	8.78
Tariff for the service for maintaining the availability of capacity )	Mln.tenge/ (MW*month)	0.59	0.63	0.66	0.70	0.73	0.75
Tariff for the service for capacity regulation (KEGOC)		0.69	0.72	0.76	0.79	0.82	0.84

  

<b>As of 31 December 2019</b>	<b>Meas.unit</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Electricity tariff - Kazakhstan	Tenge/kWh mln.tenge (MW*month)	5.76	6.51	6.78	7.06	7.62	7.79
Tariff for the service for maintaining the availability of capacity )	mln.tenge/ (MW*month)	0.59	0.62	0.65	0.67	0.70	0.72
Tariff for the service for capacity regulation (KEGOC)		0.69	0.80	0,84	0.87	0.90	0.93

**4 Important accounting estimates and professional judgments in applying accounting policies**  
(continued)

The company expects to receive an individual tariff for services for maintaining the availability of electric capacity from 2024 in connection with the planned completion of the investment project "Rehabilitation of power unit No. 1 with the installation of new electrostatic precipitators" using borrowed funds. In accordance with the Rules of the Ministry of Energy "Admission for consideration, consideration and selection of investment programs for retrofit, expansion, reconstruction and (or) renovation, conclusion of investment agreements for retrofit, expansion, reconstruction and (or) renewal, the corresponding conclusion of contracts for the purchase of services for maintenance of electric capacity availability and setting of individual tariffs for the service for maintaining the availability of electric capacity, volumes and terms of purchase of the service for maintaining the availability of electric capacity for these contracts", on January 30, 2020, an application was submitted to the Market Council. On March 27, 2020, a meeting of the Presidium of the Market Council was held, where the recommendations of the Expert Commission of the Market Council dated March 11, 2020 were considered and a decision was made, in which the admission of the investment program of Ekibastuz SDPP-1, LLP and other energy producing companies to the authorized body for consideration was recommended.

<b>Sales volume:</b>		<b>7 month s of 2020</b>					
<b>As of 30 June 2020</b>	<b>Meas.unit</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Electricity sales – Kazakhstan	mIn.kWh	9,607	16,832	18,011	19,026	19,660	20,054
Sales of electric capacity per month	MW	10,931	25,798	26,248	27,078	22,058	22,761
Electricity sales – Uzbekistan	MW	875	1,500	1,174	31	-	-

  

<b>As of 31 December 2019</b>	<b>Meas.unit</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Electricity sales – Kazakhstan	mIn.kWh	17,527	18,935	20,261	21,404	22,117	22,616
Sales of electric capacity per month	MW	18,744	25,800	26,244	27,072	28,056	28,764
Electric capacity regulation (KEGOC) per annum	MW	1,500	1,500	1,174	-	-	-

The volume of capacity sales in 2020 was adopted based on the results of centralized bidding held in December 2019. Starting from 2021, ESDPP-1 expects an even distribution of capacity sales at tenders between the main market participants at an average market tariff. The management is confident that ESDPP-1 will be able to sell the forecasted capacity volumes starting from 2021, since the capacity is in demand, and this is confirmed by the current station load and sales volume. Also, a contract for the supply of electricity for 2020 was signed with Uzbekenergo in 2019.

As a result of the test carried out, management has not identified any impairment. Based on the results of impairment testing, the recoverable amount of the investment as at 31 May 2020 was determined in the amount of KZT 577,923,128 thousand, which exceeds the carrying amount of the investment by KZT 244,541,001 thousand. Accordingly, the Company did not recognize any impairment loss in 2020.

If the tariff for electricity remains at 5.8 tenge/ kWh. for 2020-2025, the recoverable amount of the company's investment will be less than their carrying amount by 218,638,729 thous. tenge.

If the ceiling electricity tariff remains at the level at which the Company will not incur losses and will not generate profit (profitability threshold), the recoverable amount of the investment will be less than their carrying amount by 10,501,696 thous.tenge.

The long-term inflation rate used to calculate the terminal value is 2.31% per annum. The discount rate has been calculated to reflect the current market assessment of the risk existing in the industry and is based on a weighted average cost of capital for each company of 11.52% (2019: 10.62%).

**Test of impairment of assets of Tegis Munay**

Proven and probable gas reserves are used in the impairment test. There are many uncertainties associated with the estimation of gas reserves, in particular assumptions that were valid at the time of the assessment, could change significantly when new information becomes available. Changes in forecast commodity prices, exchange rates, production costs or return rates can change the economic condition of reserves and ultimately lead to changes in reserves.

Natural gas production is forecasted to commence in 2024 and it is estimated that 65% of gas production will be exported annually starting in 2024.

**4 Important accounting estimates and professional judgments in applying accounting policies (contd.)**

The value in use calculation assumes the following forecasted oil sales prices in USD per barrel, which was based on the Consensus economics price predictions dated June 22, 2020, and the management also assumed that export gas sales prices at the border with China are closely related to the oil price. due to the high correlation between them, which is confirmed by the analysis.

<i>In USD</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Oil price per barrel (Brent)*	59.1	60.3	61.7	63.2
Estimated export gas price at the Chinese border per thousand. m <sup>3</sup>	265	270	277	284

\*source: Consensus economics

Discount rate after payment of taxes is 17,3% (2019: 13.9%). Based on the results of impairment testing, the recoverable amount of assets as of June 30, 2020 is 3, 146 mln.tenge less than the carrying amount of net assets The Company recognized the impairment loss on the investment in profit or loss for the period as part of other expenses.

A 1% increase in the discount rate would result in an impairment for 6,069 mln.tenge. A 10% decrease in oil prices would result in an impairment of 8,427 mln.tenge. A 10% decrease in sales volumes would have resulted in an impairment of 7,533 mln .tenge.

As of September 30, 2020, the Management believes that there were no events that affected the results of the test conducted.

***Balkhash TPP***

On October 29, 2019, the Company acquired 50% + 1 share of BTPP from Samsung C&T and became the owner of a 100% equity stake in BTPP. At the time of the Company's acquisition of a 100% stake, BTPP was about to go bankrupt and did not actually conduct significant operations. Since 2017, lenders and suppliers have repeatedly applied to the court due to the insolvency of BTPP, which in turn led to the seizure of property, and also significantly limited BTPP operations. On December 6, 2019, a temporary manager was appointed by the court in order to supervise and conduct the bankruptcy process.

In view of the introduction of quarantine measures and measures taken by the State to support the national economy, by the Resolution of the Government of the Republic of Kazakhstan dated July 14, 2020 No. 443, it was ordered to suspend the filing of applications for bankruptcy of legal entities and individual entrepreneurs until October 1, 2020 by creditors represented by state agencies and entities of the quasi-public sector, in connection with which the bankruptcy procedure of BTPP was temporarily suspended. Thus, in the opinion of management, the Company has no control and the investment in BTPP is completely impaired.

***Agreement on assignment of rights to a loan between the Company, "Vnesheconombank", "Eurasian Development Bank" and ESDPP-2***

In 2019, as part of the deal on acquisition of a 50% equity stake in ESDPP-2 from "Inter RAO" UES" by SWF "Samruk-Kazyna", an agreement on the transfer of debt between "Vnesheconombank" and the Eurasian Development Bank (as initial lenders), Eurasian Development Banks (as Facility Agent), "Samruk-Energy" JSC (as the Buyer) and ESDPP-2 (as the Borrower) was signed; the agreement provides for Vnesheconombank's assignment of its right of claim under the loan agreement in favor of "Samruk-Energy" JSC.

According to the agreement on the assignment of debt d/d December 9, 2019, "Samruk-Energy" JSC must buy the loan in rubles from "Vnesheconombank" no later than June 21, 2021, or 60 days after the date of receipt of the notification of the default event, whichever is earlier.

The Company's management believes that default events did not take place as of 30 June 2020.

After the repurchase of the debt, the rights to claim this debt pass from Vnesheconombank to "Samruk-Energy" JSC and the currency of the loan should change from rubles to tenge. Change of the loan currency, according to the terms of the Loan Agreement d/d June 23, 2010, involves a corresponding change in the initial interest rate in rubles to the interest rate in tenge. This deal meets the criteria of a derivative financial instrument and management calculated fair value and concluded that the fair value of this derivative was insignificant at the reporting date and therefore did not recognize an asset or liability.

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.

## 5 Settlements and transactions with related parties

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

The Company purchases from and sells goods to a large number of government related entities. Such purchases and sales are individually insignificant and are generally entered into on an arm's length basis.

In June 2020, "Samruk-Kazyna" JSC purchased 125 shares of the Company at a price of 21,848,312 tenge for a total amount of 2,731,039 thousand tenge in accordance with the right of pre-emptive purchase and paid for purchased shares by transferring wind and solar energy equipment to the Company.

Later the Company increased its investments in "Samruk-Green Energy" LLP by transferring the above property in the amount of 2,731,039 thous. tenge.

The outstanding balances with related parties as at 30 September 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Shareholder	Companies under common control	Subsidiaries and joint ventures
Loans issued to subsidiaries	-	-	56 307 405
Dividends receivable	-	-	2 887 764
Accounts receivable	-	-	1 494 771
Interest receivable on loans issued	-	-	1 743 946
Other asset in favor of the Shareholder	-	-	-
Other accounts payable and accrued liabilities	-	4 182	324 271
Liability to the Shareholder	-	-	-
Borrowings	66 625 869	-	36 718 619

At 31 December 2019, the outstanding balances with related parties were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Shareholder	Companies under common control	Subsidiaries and joint ventures
Loans issued to subsidiaries	-	-	61,726,090
Accounts receivable	-	-	3,334
Other asset in favor of the Shareholder	363,571	-	-
Other non-current assets	-	-	1,358,784
Interest receivable on loans issued	-	-	267,373
Dividends receivable	-	-	405
Other accounts payable and accrued liabilities	-	4,604	220,614
Liability to the Shareholder	363,571	-	-
Borrowings	64,876,984	-	43,763,045
Other non-current financial liabilities	-	-	-

The income and expense items with related parties for nine months ended 30 September 2020 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Shareholder	Companies under common control	Subsidiaries and joint ventures
Dividend income	-	-	34 954 503
Finance income	-	-	4 934 423
Finance costs	(5 070 013)	-	(3 686 977)
Recovery/ (impairment) of financial instruments (net)	-	-	13
General and administrative expenses	-	(26 333)	(547 122)
Foreign exchange gain (net)	-	-	18 205

**5 Settlements and transactions with related parties (contd.)**

The income and expense items with related parties for nine months ended 30 September 2019 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Shareholder	Companies under common control	Subsidiaries and joint ventures
Dividend income	-		43,416,527
Finance income	-		2,657,671
Finance costs	(4,829,245)		(2,924,964)
Recovery/ (impairment) of financial instruments (net)	-		440,609
General and administrative expenses	-	(115,505)	(658,938)
Foreign exchange difference expenses – net	682,200		37,087

Key executive staff remuneration for 9 months ended 30 September 2020 including salaries, bonuses and other short-term benefits to employees is 90 276 thous. tenge (for 9 months ended 30 September 2019: 114, 478 thous. tenge). Key executive staff at 30 September 2020 consists of 5 persons (30 September 2019: 4 persons).

**6 Investments in subsidiaries and jointly controlled and associated entities**

Information on the cost of investments as of September 30, 2020 and December 31, 2019 is provided below:

<i>In thousands of Kazakhstani Tenge</i>	Date of acquisition	Country of registration	Investment amount as at 30 September 2020	Ownership percentage as at 30 September 2020	Investment amount as at 31 December 2019	Ownership percentage as at 31 December 2019
<b>Subsidiaries</b>						
Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP	31.10.2012	Kazakhstan	333,382,126	100%	333,382,126	100%
"Alatau Zharyk Company" JSC	29.07.2009	Kazakhstan	59,127,857	84%	58,974,235	84%
"Almaty Power Plants" JSC	26.07.2011	Kazakhstan	34,061,653	100%	34,061,653	100%
"Moynak HPP" JSC	04.01.2008	Kazakhstan	21,864,616	100%	21,864,616	100%
"Tegis Munay" LLP	29.12.2012	Kazakhstan	17,306,267	100%	17,137,421	100%
"First wind power plant" LLP	28.05.2016	Kazakhstan	14,914,271	100%	14,914,271	100%
"Samruk-Green Energy" LLP	13.06.2012	Kazakhstan	6,094,995	100%	2,953,614	100%
"Shardarinsk HPP" JSC	03.06.2011	Kazakhstan	2,524,772	100%	2,524,771	100%
"Ereymentau Wind Power" LLP	28.05.2016	Kazakhstan	6,658,306	100%	3,780,724	100%
"Bukhtarminsk HPP" JSC	04.01.2008	Kazakhstan	1,050,790	90%	1,050,790	90%
"Kazhydrotechenergo" LLP	31.03.2014	Kazakhstan	291,364	100%	283,864	100%
"Almatyenergobyty" LLP	26.07.2011	Kazakhstan	136,003	100%	136,003	100%
"Energy Solutions Center" LLP	16.03.2017	Kazakhstan	52,998	100%	52,998	100%
<b>Joint ventures and associated companies</b>						
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%
"Energia Semirechya" LLP	28.05.2016	Kazakhstan	2,411,010	25%	2,411,010	25%
<b>Impaired investments</b>						
"Balkhash TPP" JSC	24.06.2008	Kazakhstan	32,085,280	100%	32,085,280	100%
"Shulbinsk HPP" JSC	04.01.2008	Kazakhstan	1,230,658	92.14%	1,230,658	92.14%
"Ust-Kamenogorsk" HPP	04.01.2008	Kazakhstan	465,019	89.99%	465,019	89.99%
<b>Less:</b>						
Investment impairment			(41,075,080)		(36,429,080)	
<b>Total investments</b>			<b>543,067,581</b>		<b>541,364,649</b>	

As of September 30, 2020, the Company has interests in the following jointly controlled entities:

- ESDPP-2 - 50%. The remaining 50% share of ownership belongs to "Samruk-Kazyna" Sovereign Wealth Fund" JSC.
- Forum Muider - 50%. The remaining 50% is owned by UC RUSAL.

**SAMRUK-ENERGY JSC****NOTES TO CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2020****6 Investments in subsidiaries and jointly controlled and associated entities (continued)**

In December 2019, a 50% equity stake was purchased by “Samruk-Kazyna” Sovereign Wealth Fund from Inter-RAO UES OJSC for 25 million USD.

100% of the shares of ESDPP-2 valued at the date of the Guarantee Contract in the amount of 10,582,636 thousand tenge were pledged as security for the loan of ESDPP-2 from “Eurasian Development Bank” JSC.

In June 2020, the Company increased its investments in “Samruk-Green Energy” LLP by transferring wind-electric and solar-energy equipment in the amount of 2,731,039 thousand tenge (Note 5).

**7 Loans issued**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2020</b>	<b>31 December 2019</b>
<i>Non-current portion</i>		
“Moynak HPP” JSC bonds	40,000,000	40,000,000
Loan issued to “Alatau Zharyk Company” JSC	5,112,437	4,777,939
Loan issued to “First Wind Power Plant” LLP	-	1,757,608
“MDPGC” JSC bonds	830,695	1,220,424
Interest accrued on “First Wind Power Plant” LLP loan	-	5,289
“Special Financial Company “DSFK” LLP bonds	367,411	395,094
“Tsesnabank” JSC bonds	24,020	21,536
Minus: provision for impairment	(222,824)	(222,196)
<b>Total loans – non-current portion</b>	<b>46,111,739</b>	<b>47,955,694</b>
<i>Current portion</i>		
“Moynak HPP” JSC bonds	7,000,000	7,000,000
Loan issued to “Almaty Power Plants” JSC	2,630,000	3,000,000
Loan issued to “Moynak HPP” JSC	1,400,000	1,400,000
Loan issued to “Ekibastuz SDPP-1” LLP	-	4,000,000
Loan issued to “AZhC” JSC	500,000	-
“MDPGC” JSC bonds	384,600	-
Loan issued to “Balkhash TPP” JSC	377,301	377,301
Interest accrued on loans issued	264,751	177,360
Bonds interest	1,524,639	210,523
Financial aid provided to “Ust-Kamenogorsk HPP” JSC	30,390	30,390
Loans issued to “Zhambyl SDPP named after T.I. Baturov” JSC	5,442	5,442
Less: provision for impairment	(553,030)	(531,201)
<b>Total loans issued – current portion</b>	<b>13,564,095</b>	<b>15,669,815</b>

*Loan issued to “Almaty Power Plants” JSC*

In 2019, the Company entered into an agreement on opening a reverse credit line with “Almaty Power Plants” JSC on the terms of granting loans in the form of cash within the issuance limit of 5,200,000 thousand tenge. As of 30 September 2020, the balance of principal under the provided loan is 2 630 000 thous.tenge.

*Loan issued to “First Wind Power Plant” LLP*

“FWPP” LLP early repaid the loan in the amount of 1 828 288 thous.tenge and interest accrued during 9 months of 2020.

**8 Other non-current assets**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2020</b>	<b>31 December 2019</b>
Accounts receivables	771,429	733,735
Debt under provided financial guarantee of First Wind Power Plant, LLP	1,499,264	1,363,280
Other non-current assets	87,906	79,698
Less: provision for impairment	(16,543)	(15,997)
<b>Total other non-current assets</b>	<b>2,342,056</b>	<b>2,160,716</b>

**SAMRUK-ENERGY JSC**  
**NOTES TO CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2020**

**9 Other current assets**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2020</b>	<b>31 December 2019</b>
Accounts receivables from buyers of subsidiaries	8,317,357	9,952,869
Accounts receivable from "Tauba Invest" LLP	760,025	1,038,725
Short-term deposits	1,005,304	304
Dividends receivable	2,887,764	405
Less: provision for impairment	(162,553)	(226,299)
<b>Total financial current assets</b>	<b>12,807,897</b>	<b>10,766,004</b>
Asset in favor of the Shareholder	-	363,571
Advances paid	60,232	25,864
Others	193,019	240,912
<b>Total other current assets</b>	<b>13,061,148</b>	<b>11,396,351</b>

**10 Cash and cash equivalents**

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2020</b>	<b>31 December 2019</b>
Cash in bank accounts – tenge	726,920	385,541
Cash in bank accounts – euro	169	145
Cash in bank accounts – US dollars	29	2,280
Cash on hand	6,047	5,413
Cash in fixed term deposits up to 3 months – tenge	1,238,000	905,001
Less: provision for impairment	(519)	(375)
<b>Total cash and cash equivalents</b>	<b>1,970,647</b>	<b>1,298,005</b>

**11 Share capital**

As of 30 September 2020, 5,601,812 issued ordinary shares were fully paid (31 December 2019: 5,601,687 shares). Each ordinary share carries one vote. The company has no preferred shares. The number of authorized shares is 8,602,312 (31 December 2019: 8,601,187 shares).

In June 2020, "Samruk-Kazyna" JSC purchased 125 shares of the Company at a price of 21,848,312 tenge for a total amount of 2,731,039 thousand tenge in accordance with the preemptive purchase right and paid for the acquired shares by transferring wind and solar energy equipment to the Company. As a result of the assessment of the fair value of the property received at the date of acquisition, the Company recognized a loss in the amount of 1,500,000 thousand tenge from changes in value in other capital reserves as a transaction with the Shareholder.

On June 9, 2020, the Company announced payment of dividends in the amount of 3,066,231 thousand tenge to the Sole Shareholder – 547.38 tenge per share (23 April 2019: 2,041,000 thousand tenge). On July 16, 2020, Samruk-Energy has fully paid declared dividends to the Sole Shareholder in the amount of 3,066,231 thousand tenge.

9 июня 2020 года Компания объявила о выплате дивидендов Единственному Акционеру в размере 3,066,231 тыс. тенге – 547.38 тенге за акцию (23 апреля 2019: 2,041,000 тыс. тенге). 16 июля 2020 года АО «Самрук-Энерго» полностью выплатила объявленные дивиденды Единственному Акционеру в размере 3,066,231 тысяча тенге.

## 12 Borrowings

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2020</b>	<b>31 December 2019</b>
Non-current portion		
Loans from Samruk-Kazyna	60,265,434	62,284,630
Long-term bank loans	63,898,203	63,208,148
Bonds	24,814,586	24,800,157
Borrowings from subsidiaries	-	33,467,208
<b>Total borrowings – non-current portion</b>	<b>148,978,223</b>	<b>183,760,143</b>
Current portion		
Borrowings from “Ekibastuz GRES-1 named after Nurzhanov” LLP	36,718,619	10,294,522
Short-term bank loans	3,042,235	8,942,235
Loans from Samruk-Kazyna	2,381,109	2,381,108
Interest accrued – bonds	867,256	360,287
Interest accrued – bank loans	1,127,507	1,448,062
Interest accrued – loans from Samruk-Kazyna and SA	346,556	212,560
<b>Total borrowings – current portion</b>	<b>44,483,282</b>	<b>23,638,774</b>
<b>Total borrowings</b>	<b>193,461,505</b>	<b>207,398,917</b>

## 13 Other payables and accrued liabilities

<i>In thousands of Kazakhstani Tenge</i>	<b>30 September 2020</b>	<b>31 December 2019</b>
Payables to suppliers and contractors	407,654	720,973
Guarantee obligation for participation in tender	149,506	159,653
Other payables	366,103	534,157
<b>Total other payables and accrued liabilities</b>	<b>923,263</b>	<b>1,414,783</b>

## 14 Obligation to the Shareholder

In accordance with the instruction of the Shareholder, the Company made a commitment for the construction of a kindergarten in Nur-Sultan city for the amount of 1,184,095 thousand tenge. The Company recognized an obligation for the estimated amount of construction for amount of 1,184,095 thousand tenge as other distributions to shareholder.

In 2019, the Company transferred a part of the Asset - a kindergarten building with technical equipment and boiler equipment to the State Institution “Assets and Public Procurements Department of Nur-Sultan city” for a total amount of 820,524 thousand tenge.

During nine months of 2020, the Company transferred the remaining part of the Asset - a transformer substation and engineering networks with a total value of 363,571 thousand tenge - to the State Institution “Assets and Public Procurements Department of Nur-Sultan city”.



**15 Dividend income**

<i>In thousands of Kazakhstani tenge</i>	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>	<b>3 months ended 30 September 2020</b>	<b>3 months ended 30 September 2019</b>
Dividends from “Ekibastuz SDPP-1 named after Bulat Nurzhanov” LLP	29,000,000	29,000,000	-	4,795,302
Dividends from Forum Muider B.V.	2,962,753	11,230,449	2,866,950	-
Dividends from “Bukhtarminsk HPP” JSC	1,373,311	2,246,746	-	1,256,693
Dividends from “Almaty Power Plants” JSC	610,921	-	-	-
Dividends from “First Wind Power Plant” LLP "	600,000	-	-	-
Dividends from “Alatau Zharyk Company” JSC	407,518	879,332	-	-
Dividends from “Energy Solutions Center” LLP	-	60,000	-	-
<b>Total dividend income</b>	<b>34,954,503</b>	<b>43,416,527</b>	<b>2,866,950</b>	<b>6,051,994</b>

**16 Other operating income and costs (net)**

<i>In thousands of Kazakhstani tenge</i>	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>	<b>3 months ended 30 September 2020</b>	<b>3 months ended 30 September 2019</b>
Impairment of investments in Tegis Munay (Note 4)	(3,146,000)	(908,889)	-	-
Other costs (net)	(1,549)	(14,144)	(296)	(22,561)
Other income (net)	15,714	128,433	18,040	2,599
<b>Total other operating income and costs (net)</b>	<b>(3,131,835)</b>	<b>(794,599)</b>	<b>17,744</b>	<b>(19,962)</b>

**17 General and administrative expenses**

<i>In thousands of Kazakhstani tenge</i>	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>	<b>3 months ended 30 September 2020</b>	<b>3 months ended 30 September 2019</b>
Payroll and related expenses	1,767,335	1,989,151	473,436	682,156
Depreciation of PPE and amortization of IA	546,302	350,709	293,391	118,032
Special purpose office services	404,028	442,034	118,019	159,876
Consulting and other services	144,741	370,568	37,421	96,722
Taxes	92,382	193,171	46,840	34,866
Information system support services	89,461	208,076	14,280	75,517
Business trip expenses	48,223	109,686	6,885	37,404
Staff training and related costs	25,162	87,938	10,303	26,808
Insurance	30,916	30,002	11,233	11,202
Others	544,878	498,443	249,782	160,514
<b>Total general and administrative expenses</b>	<b>3,693,428</b>	<b>4,279,778</b>	<b>1,261,590</b>	<b>1,403,097</b>

**18 Finance income**

<i>In thousands of Kazakhstani tenge</i>	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>	<b>3 months ended 30 September 2020</b>	<b>3 months ended 30 September 2019</b>
Amortization of discount on financial assets	1,300,501	957,265	366,570	323,674
Interest income on bonds and loans issued	4,408,344	1,988,841	1,468,940	1,428,936
Income on guarantees issued	65,382	180,147	21,171	57,876
Interest income on bank deposits	89,107	352,100	30,081	9,540
Others	127,809	237,330	39,891	79,592
<b>Total finance income</b>	<b>5,991,143</b>	<b>3,715,683</b>	<b>1,926,653</b>	<b>1,899,618</b>

**19 Finance costs**

<i>In thousands of Kazakhstani tenge</i>	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>	<b>3 months ended 30 September 2020</b>	<b>3 months ended 30 September 2019</b>
Interest expenses on loans and bonds	9,585,387	9,586,100	2,830,687	3,139,241
Amortization of discount of present value on loans and financial aid	7,745,257	6,199,831	2,647,803	2,330,379
Loss on bonds buy-back	-	783,348	-	-
Financial lease costs	98,597	161,892	30,158	59,787
Others	83,813	305,922	57,561	260,626
<b>Total finance costs</b>	<b>17,513,054</b>	<b>17,037,093</b>	<b>5,566,209</b>	<b>5,790,033</b>

**20 Income tax**

Income tax is a tax withheld at the source of payments on deposits. The Company is not expecting taxable profits in the future.

**21 Contingencies, Commitments and Operating Risks**

In addition to the information indicated below, as of 30 September 2020, there were no contingencies and commitments and operating risks other than those disclosed in the separate financial statements for the year ended December 31, 2019.

***Litigation.***

As of September 30, 2020, the Company is involved in litigation with “Transtelecom” JSC. “Transtelecom” JSC filed a claim for the recovery of actually rendered services and costs incurred under the Procurement Agreement “Consulting services for the introduction of target (basic) processes at “Samruk-Energy” JSC in the amount of 1,100,005 thousand tenge. On April 16, 2020, preparations for the court sitting at Specialized Inter-district Economic Court (SIEC) of Nur-Sultan city were held. On August 3, 2020, court hearings were held in Nur-Sultan city’s SIEC on a civil case regarding the claim of “Transtelecom” JSC against “Samruk-Energy” JSC for collection of the debt. In accordance with a court ruling d/d August 3, 2020, a forensic economic and forensic merchandising expert review was appointed for this case. As of September 30, 2020, the Company did not create a reserve in reliance on the assumption of a high probability of refusal to satisfy “Transtelecom” JSC’s claim.

***Loan covenants.***

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 growth of borrowing costs and the announcement of a default. As of 30 September 2020, the Company complied with the regulatory values of loan covenants.

## 21 Contingencies, Commitments and Operating Risks (continued)

### *Long-term financial guarantees.*

At 30 September 2020 the Company has guarantees issued in relation to the loans “Shardarinsk HPP” JSC. Fair value of guarantees at initial recognition was determined as the amount resulted from application to the guaranteed amount of interest rates, being the difference the interest rate at which the borrower obtained a loan secured by the Company, and the interest rate that would be applied if the Company had not issued a guarantee. The cost of guarantees is deemed as an investment in a subsidiary

<i>In thousands of Kazakhstani tenge</i>	<b>Long-term financial guarantee</b>		<b>The amount of guaranteed liabilities</b>		<b>Guarantee period</b>		
	<b>30 September 2020</b>	<b>31 December 2019</b>	<b>30 September 2020</b>	<b>31 December 2019</b>	<b>Guarantee issue year</b>	<b>Guarante e validity period</b>	<b>Estimated rate under guarantee</b>
<b>Company</b>							
“Shardarinsk HPP” JSC	1 320 460	1,439,752	21 943 068	23,717,500	2015 г.	13 лет	3%
<b>Total</b>	<b>1 320 460</b>	<b>1,439,752</b>	<b>21 943 068</b>	<b>23,717,500</b>			

## 22 Fair value of financial instruments

### *Fair value measurement*

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

Management has used all available market information in estimating the fair value of financial instruments.

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

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

#### **Financial assets carried at amortized value**

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

#### **Financial liabilities carried at amortized value**

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

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

**22 Fair value of financial instruments (continued)**

The following is an analysis of fair value by level of the fair value hierarchy and the carrying amount of assets and liabilities not measured at fair value.

<i>In thousands of Kazakhstani tenge</i>	30 September 2020				31 December 2019			
	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
<b>Assets</b>								
Cash and cash equivalents	-	1,970,646	-	1,970,646	-	1,298,005	-	1,298,005
Fixed term deposits	-	1,005,056	-	1,005,056	-	304	-	304
Financial receivables	-	9,484,702	-	9,674,839	-	11,240,997	-	11,487,529
Dividends receivable	-	2,887,381	-	2,887,381	-	405	-	405
Receivables from subsidiaries under guarantees issued	-	1,514,147	-	1,494,771	-	1,463,478	-	1,358,784
Loans issued	-	57,871,058	-	59,675,834	-	58,746,861	-	63,625,509
Receivables from employees	-	87,906	-	87,906	-	79,698	-	79,698
<b>Total financial assets</b>	<b>-</b>	<b>74,820,896</b>	<b>-</b>	<b>76,796,433</b>	<b>-</b>	<b>72,829,748</b>	<b>-</b>	<b>77,850,234</b>
<b>Liabilities</b>								
Borrowings	-	184,560,936	-	193,461,505	-	185,367,803	-	207,398,917
Lease obligations	-	888,532	-	811,392	-	711,285	-	1,035,366
Financial payables	-	407,654	-	407,654	-	720,973	-	720,973
Financial guarantees issued	-	1,320,460	-	1,320,460	-	1,330,326	-	1,439,752
<b>Total financial liabilities</b>	<b>-</b>	<b>187,177,582</b>	<b>-</b>	<b>196,001,011</b>	<b>-</b>	<b>188,130,387</b>	<b>-</b>	<b>210,595,008</b>

**23 Events after reporting date**

In October 2020, "Almaty Power Plants" JSC repaid a loan in the amount of 2 630 000 thousand tenge provided by the Company under an agreement on opening a reverse credit line.

On October 22, 2020, the Company paid loan interest in the amount of 618 744 thousand tenge to the European Bank for Reconstruction and Development.

On October 26, 2020, the Company paid interest on the loan in the amount of 958 615 thousand tenge to the Asian Development Bank.

**24 Carrying value of one share**

Carrying value of one share

In line with the decision of the Exchange Council of “Kazakhstan Stock Exchange” JSC (KASE) dated October 4, 2010, the financial statements must include information about carrying value of one share (simple and preferred) at the reporting date calculated in accordance with the rules approved by KASE. As at September 30, 2020, this indicator, calculated by the management of the Company using the data of financial statements, amounted to Tenge 76,095 tenge (December 31, 2019: 73,094 tenge). Below table shows the calculation of the carrying value of one share:

<i>In thousands of Kazakhstani tenge</i>	<b>30 September 2020</b>	<b>31 December 2019</b>
Total assets	621,744,794	622,001,515
Less: intangible assets	(667,137)	(763,873)
Less: total liabilities	<b>(196,591,978)</b>	<b>(211,785,133)</b>
<b>Net assets for ordinary shares</b>	<b>424,485,679</b>	<b>409,452,509</b>
Number of ordinary shares as at 31 December	5,601,812	5,601,687
Carrying value of one share, tenge	<b>75,776</b>	<b>73,094</b>