



SAMRUK-ENERGY JSC

Condensed Consolidated Interim Financial Statements (unaudited)

30 June 2016

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Report on Review of Condensed Consolidated Interim Financial Statements

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

We have reviewed the accompanying condensed consolidated interim financial statements of JSC Samruk-Energy and its subsidiaries (the "Group"), which comprise the condensed consolidated interim statement of financial position as at 30 June 2016 and the condensed consolidated interim statements of profit or loss and other comprehensive income for three and six months period then ended, changes in equity and cash flows for six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standards (IAS) 34 "Interim financial reporting". Our responsibility is to express an opinion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not presented fairly, in all material respects in accordance with International Accounting Standard (IAS) 34 "Interim financial reporting".

PricewaterhouseCoopers LLP

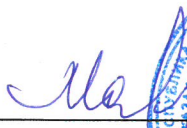
Almaty, Kazakhstan
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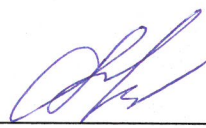
SAMRUK-ENERGY JSC
Condensed Consolidated Interim Statement of Financial Position

<i>In thousands of Kazakhstani Tenge</i>	Note	30 June 2016 (unaudited)	31 December 2015
ASSETS			
Non-current assets			
Property, plant and equipment	6	817,209,921	804,846,336
Investment property		721,244	774,702
Intangible assets		2,699,146	2,894,963
Exploration and evaluation asset		13,703,068	13,520,805
Investments in joint ventures and associates	7	87,865,840	72,047,578
Other non-current assets	8	22,552,615	14,256,809
Total non-current assets		944,751,834	908,341,193
Current assets			
Inventories	9	12,713,152	13,777,955
Trade and other receivables	10	11,491,113	19,842,838
Other current assets	11	39,963,742	50,866,965
Income tax prepaid		1,760,295	1,534,371
Cash and cash equivalents	12	17,436,375	31,927,511
Assets of disposal group, classified as held-for-sale		84,960	-
Total current assets		83,449,637	117,949,640
TOTAL ASSETS		1,028,201,471	1,026,290,833

Signed on behalf of management on 3 August 2016.


Kairat B. Maxutov
Managing director for economy and finance




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

The accompanying notes on pages 7 to 36 are an integral part of these condensed consolidated interim financial statements

<i>In thousands of Kazakhstani Tenge</i>	Note	30 June 2016 (unaudited)	31 December 2015
EQUITY			
Share capital	13	366,614,888	355,650,405
Other reserves	13	127,543,755	127,578,106
Retained earnings		3,045,666	(3,236,425)
Equity attributable to the Group's equity holders		497,204,309	479,992,086
Non-controlling interest		2,894,438	2,528,351
TOTAL EQUITY		500,098,747	482,520,437
LIABILITIES			
Non-current liabilities			
Ash dump restoration provision		2,421,187	1,842,401
Employee benefit obligations		1,206,088	1,329,840
Borrowings	14	362,693,921	340,158,800
Other non-current liabilities	15	4,512,079	4,735,410
Deferred income tax liabilities		81,369,322	79,404,793
Total non-current liabilities		452,202,597	427,471,244
Current liabilities			
Ash dump restoration provision		150,295	120,147
Borrowings	14	35,862,304	70,844,582
Employee benefit obligations		127,726	122,689
Trade and other payables	16	37,842,255	43,220,687
Taxes payable and other payables to budget	22	1,545,121	1,524,428
Income tax payable	22	350,715	466,619
Liabilities of disposal group, classified as held-for-sale		21,711	
Total current liabilities		75,900,127	116,299,152
TOTAL LIABILITIES		528,102,724	543,770,396
TOTAL LIABILITIES AND EQUITY		1,028,201,471	1,026,290,833

Signed on behalf of management on 3 August 2016.

Kairat B. Maxutov
Managing director for economy and finance



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

SAMRUK-ENERGY JSC
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of Kazakhstani Tenge</i>	Note	Six months ended 30 June 2016 (unaudited)	Six months ended 30 June 2015 (unaudited)	Three months ended 30 June 2016 (unaudited)	Three months ended 30 June 2015 (unaudited)
Revenue	17	109,168,045	114,091,731	46,907,837	48,049,333
Cost of sales	18	(84,035,841)	(81,723,713)	(38,365,976)	(37,515,594)
Gross profit		25,132,204	32,368,018	8,541,861	10,533,739
Other income, net		82,416	228,740	81,975	108,177
Distribution costs		(1,687,566)	(1,564,266)	(917,920)	(659,184)
General and administrative expenses	19	(7,346,601)	(7,502,511)	(3,749,036)	(4,069,627)
Share of profit of joint ventures and associates	7	3,682,593	2,854,865	2,635,929	953,702
Finance income	20	2,947,924	1,400,968	3,715,278	820,399
Finance costs	21	(10,284,649)	(12,389,608)	(4,990,813)	(5,918,509)
Profit before income tax		12,526,321	15,396,206	5,317,274	1,768,697
Income tax expense	22	(3,840,891)	(5,478,213)	(1,700,374)	(1,763,047)
Profit for the period from continuing operations		8,685,430	9,917,993	3,616,900	5,650
Profit from discontinued operations		4,011	2,469,307	4,011	2,469,307
Profit for the period		8,689,441	12,387,300	3,620,911	2,474,957
Other comprehensive loss					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of post-employment benefit obligations		(34,351)	(34,858)	(34,351)	(34,858)
Total comprehensive income for the period		8,655,090	12,352,442	3,586,560	2,440,099
Profit is attributable to:					
Equity holders of the Group		8,323,091	12,095,498	3,466,434	2,380,329
Non-controlling interest		366,350	291,802	154,477	94,628
Profit for the period		8,689,441	12,387,300	3,620,911	2,474,957
Total comprehensive income attributable to:					
Equity holders of the Group		8,288,740	12,060,640	3,432,083	2,345,471
Non-controlling interest		366,350	291,802	154,477	94,628
Total comprehensive income for the period		8,655,090	12,352,442	3,586,560	2,440,099

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

SAMRUK-ENERGY JSC
Condensed Consolidated Interim Statement of Changes in Equity

In thousands of Kazakhstani Tenge	Note	Attributable to equity holders of the Group			Total	Non- controlling interest	Total equity
		Share capital	Other reserves	Retained earnings			
Balance at 1 January 2015		355,364,386	54,993,097	80,553,684	490,911,167	2,138,284	493,049,451
Profit for the period		-	-	12,095,498	12,095,498	291,802	12,387,300
Other comprehensive income		-	(34,858)	-	(34,858)	-	(34,858)
Total comprehensive income		-	(34,858)	12,095,498	12,060,640	291,802	12,352,442
Dividends		-	-	(4,781,072)	(4,781,072)	-	(4,781,072)
Balance at 30 June 2015		355,364,386	54,958,239	87,868,110	498,190,735	2,430,086	500,620,821
Balance at 1 January 2016		355,650,405	127,578,106	(3,236,425)	479,992,086	2,528,351	482,520,437
Profit for the period		-	-	8,323,091	8,323,091	366,350	8,689,441
Other comprehensive income		-	(34,351)	-	(34,351)	-	(34,351)
Total comprehensive income		-	(34,351)	8,323,091	8,288,740	366,350	8,655,090
Share emission	13	10,964,483	-	-	10,964,483	-	10,964,483
Dividends	13	-	-	(2,041,000)	(2,041,000)	(263)	(2,041,263)
Balance at 30 June 2016 (unaudited)		366,614,888	127,543,755	3,045,666	497,204,309	2,894,438	500,098,747

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

SAMRUK-ENERGY JSC
Condensed Consolidated Interim Statement of Cash Flows

		Six months ended 30 June 2016 (unaudited)	Six months ended 30 June 2015
<i>In thousands of Kazakhstani Tenge</i>	Note		
Cash flows from operating activities			
Profit before income tax		12,526,321	15,396,206
Profit before income tax of discontinued operations		5,640	-
Adjustments for:			
Depreciation and amortisation		22,504,683	18,812,454
Impairment of property, plant and equipment		457,803	-
Losses on disposal of property, plant and equipment		84,162	-
(Recovery) / charge of provision for impairment of trade and other receivables		(65,489)	666,315
Reversal of provision on obsolete and slow-moving inventories		(579,643)	(145,121)
Amortisation of income from connection of additional capacities		(171,330)	(182,463)
Current service cost and actuarial losses on employee benefits		(34,351)	(34,858)
Finance costs	21	10,284,649	12,389,608
Finance income	20	(2,947,924)	(1,400,968)
Share of profit in joint ventures and associates	7	(3,682,593)	(2,854,865)
Other adjustments		18,925	(5,470)
Operating cash flows before working capital changes:		38,400,853	42,640,838
Decrease/(increase) in trade and other receivables and other current assets		4,058,038	(896,764)
Decrease/(increase) in inventories		1,644,446	(2,373,553)
Decrease in trade and other payables		(6,362,149)	(4,982,233)
(Decrease)/increase in employee benefits payable		(118,715)	73,860
Increase in taxes payable		1,003,110	2,115,821
Cash generated from operations		38,625,583	36,577,969
Income tax paid		(2,272,212)	(3,457,488)
Interest paid		(11,849,143)	(9,682,882)
Dividends received		2,453,911	2,787,450
Net cash from operating activities of continuing operations		26,958,139	26,225,049
Net cash from operating activities of discontinuing operations		23,492	-
Cash flows from investing activities			
Purchase of property, plant and equipment		(40,978,099)	(54,686,646)
Acquisition of intangible assets		(198,357)	(268,020)
Purchase of exploration and evaluation assets		(22,757)	(1,717,764)
Acquisition of share in associates	7	(12,483,261)	(7,556,910)
Cash received from sale of property, plant and equipment		9,113	15,950
Proceeds from sale of assets of disposal group		2,194,110	370,396
Interest income received		1,567,258	1,000,515
Withdrawal of bank deposits, net		9,954,607	1,767,265
Withdrawal of restricted cash		511,669	440,864
Net cash used in investing activities of continuing operations		(39,445,717)	(60,634,350)
Net cash used in investing activities of discontinuing operations		-	-

SAMRUK-ENERGY JSC**Condensed Consolidated Interim Statement of Cash Flows (continued)**

<i>In thousands of Kazakhstani Tenge</i>	Note	Six months ended 30 June 2016 (unaudited)	Six months ended 30 June 2015
Cash flows from financing activities:			
Proceeds from issue of shares		10,964,483	-
Proceeds from borrowings		41,517,189	73,540,782
Repayment of borrowings		(54,557,586)	(44,570,351)
Dividends paid to shareholder		-	(4,781,072)
Dividends paid to non-controlling interest holders		(155,579)	(121,545)
Other payments		(33,062)	(3,500)
Net cash (used in)/from financing activities of continuing operation		(2,264,555)	24,064,314
Net cash used in financing activities of discontinuing operation		(2,358)	-
Foreign exchange difference effect on cash and cash equivalents		260,997	155,460
Net decrease in cash and cash equivalents of continuing operations		(14,491,136)	(10,189,527)
Net increase in cash and cash equivalents of disposal group		21,134	-
Cash and cash equivalents at the beginning of the year of continuing operations	12	31,927,511	21,658,167
Cash and cash equivalents at the beginning of the year of disposal group		1	-
Cash and cash equivalents at the year- end of continuing operations	12	17,436,375	11,468,640
Cash and cash equivalents at the year- end of discontinuing operations		21,135	-

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2)

1 Samruk-Energy Group and Its Operations

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim financial reporting" for six months ended 30 June 2016 for Samruk-Energy JSC (the "Company") and its subsidiaries (together referred to as the "Group").

The Company was incorporated on 18 April 2007 and registered on 10 May 2007. The Company is a joint stock company, and was set up in accordance with regulations of the Republic of Kazakhstan. The Group was established for the purpose of consolidation of entities in electric power industry of the Republic of Kazakhstan.

The Company's shareholder is Samruk-Kazyna National Welfare Fund JSC ("Samruk-Kazyna") (Note 13).

The Company's immediate parent company is Samruk-Kazyna. The Company's ultimate controlling party is the Government of the Republic of Kazakhstan.

Principal activity

The Group's principal activities are production of electricity and heat energy and hot water on the basis of coal, hydrocarbons, water and other renewable resources, and sale to households and industrial enterprises, transmission of electricity and technical distribution of electricity within the network, construction of power stations, lease of property of power stations and others. Principal subsidiaries, joint ventures and associates are disclosed in Note 24.

The operations of the Group's subsidiaries and joint ventures, which are dominant entities and natural monopolists in certain areas, are regulated by the Law of the Republic of Kazakhstan on Natural Monopolies and Regulated Markets, the Law on Competition and the Restriction of Monopolistic Activity (the "Antimonopoly legislation"). The tariff is regulated based on type of energy company and regulated by the Committee on Regulation of Natural Monopolies of the Ministry of Economics of the Republic of Kazakhstan ("Committee") or by the relevant ministry - Ministry of Energy of the Republic of Kazakhstan.

Electricity tariffs for electricity producers are approved by the order of the Minister of Energy #160 dated 27 February 2015 on Approval of Cap for Tariffs for the period from 2016 to 2018. Tariffs for the supply of electricity produced by objects on use of renewable energy sources are fixed and approved by the Decree of the Government of Republic of Kazakhstan according to the Renewable Energy technology (separately for wind, solar and other sources), and are subject to annual indexation. Wherein financial center acts as a buyer, and energy producing organizations act as a seller. Tariffs for transmission and distribution of electricity, production of heat energy and energy supply are regulated by Committee on Regulation of Natural Monopolies and Competition Protection of Ministry of Economics. Regulation and control are performed in accordance with the legislation.

The tariff related decisions are significantly exposed to social and political issues. Economic, social and other policies of the Government of the Republic of Kazakhstan may have the significant effect on the Group's operations.

Registered address and place of business

The registered address and place of Company's Head Office is: Kabanbai Batyr Avenue 15A, Astana, Republic of Kazakhstan.

2 Basis of Preparation and Significant Accounting Policies

Basis of preparation

These condensed consolidated interim financial statements for the six-month period ended 30 June 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting, under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The main accounting policies, which were applied during the preparation of these consolidated interim financial statements, correspond to those applied during preparation of condensed consolidated financial statements for the year ended 31 December 2015, excluding income tax. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRS. The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those of the previous financial year except for accounting for income taxes.

Income tax expenses for the interim period are accrued using the calculated effective tax rate that would be applicable for the financial year.

Seasonality of operations. The Group's operations are exposed to the seasonal fluctuations. Fluctuations in electricity transmission volume, production of heat and electricity relate to heating season from October to April.

Also, the Group's repair and maintenance works are subject to seasonality. Significant amount of maintenance and repair work are expected to be carried out in second half of 2016 that will significantly increase the Group's expenses, downtime of power units and decreased level of electricity production.

Exchange rates

At 30 June 2016 the exchange rate used for translation of foreign currency balances was 1 US Dollar = Tenge 338.87 (31 December 2015: 1 US Dollar = Tenge 339.47) and 1 RUB = Tenge 5.29 (31 December 2015: 1 RUB = Tenge 4.65).

Changes in presentation of financial statements

On 24 of July 2014 the Board of Directors approved the plan to dispose a number of the subsidiaries in accordance with the Decree of the Government on the privatization of assets. As of 31 December 2014 all assets and liabilities of East Kazakhstan regional electricity distribution company (VKREC), Shygys Energo Trade LLP (SHET), Mangistau electricity distribution company (MEDC), Aktobe TPS, Zhambylskaya GRES named after T. I. Baturov (ZhGRES) have been included in disposal group. Since the operations of VKREK, SHET, MEDC, Aktobe TPS, and ZhGRES represent separate significant activities, this disposal group was presented as a discontinued operation in the consolidated financial statements for the previous year. On 31 March 2015 the Group has signed the agreement on sale of 50% of shares of ZhGRES with TarazEnergo-2005 LLP. The sale price was agreed is Tenge 2,469,307 thousand. Transfer of ownership was completed on 18 May 2015. VKREK, SHET, MEDC, Aktobe TSP have not been sold during 2015.

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

Due to the current economic condition, the management considers that there is some uncertainty in the order of sale of assets and in the timing of realization. In addition, Company's disposal group was not realised during 2015, as previously planned. Management has assessed that there is a high probability that the disposal group will not be sold during 2016 as well. Therefore, as at 31 December 2015 comparative information has been restated to reflect the results of transfer from disposal group. The same approach has been applied for condensed consolidated interim financial statements for six months ended 30 June 2016.

2 Basis of Preparation and Significant Accounting Policies (Continued)

The effect of reclassifications for presentation purposes was as follows on amounts at 30 June 2015:

<i>In thousands of Kazakhstani Tenge</i>	As original for the year ended 30 June 2015	Aktobe TPS	MEDC	VKREC	SHET	Eliminations and adjustments	As restated for the year ended 30 June 2015 (recalculated)
Revenue	91,205,854	3,095,599	4,568,748	6,018,609	14,306,778	(5,103,857)	114,091,731
Cost of sales	(62,890,913)	(2,898,347)	(3,315,918)	(4,490,462)	(14,784,446)	6,656,373	(81,723,713)
Gross profit/(loss)	28,314,941	197,252	1,252,830	1,528,147	(477,668)	1,552,516	32,368,018
Distribution costs	(1,518,773)	-	(45,493)	-	-	-	(1,564,266)
General and administrative expenses	(6,066,214)	(162,375)	(402,823)	(237,574)	(633,525)	-	(7,502,511)
Share of profit of joint ventures and associates	2,854,865	-	-	-	-	-	2,854,865
Impairment of goodwill	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-
Finance income	1,462,762	5	66,665	2,192	98	(130,754)	1,400,968
Finance costs	(12,109,800)	(4,671)	(211,279)	(163,338)	(32,496)	131,976	(12,389,608)
Other income, net	160,955	15,198	36,794	13,241	13,204	(10,652)	228,740
Profit/(loss) before income tax	13,098,736	45,409	696,694	1,142,668	(1,130,387)	1,543,086	15,396,206
Income tax expense	(4,640,880)	(49,904)	(309,341)	(336,009)	(142,079)	-	(5,478,213)
Profit/(loss) for the year from continuing operations	8,457,856	(4,495)	387,353	806,659	(1,272,466)	1,543,086	9,917,993
Profit from discontinued operations	5,471,310	-	-	-	-	(3,002,003)	2,469,307
Profit/(loss) for the year	13,929,166	(4,495)	387,353	806,659	(1,272,466)	(1,458,917)	12,387,300

New accounting pronouncements

New and amended standards and interpretations should be applied in the preparation of the first interim financial statements issued after their effective date. There are no new IFRSs or IFRICs that are effective for the first time for this interim period and that would be expected to have a material impact on the Group.

A set of new standards, amendments to standards and interpretations is not effective as at 30 June 2016. The requirements of these amended standards have not been considered for the preparation of these condensed consolidated interim financial statements. The Group plans to adopt these standards as they become effective. Currently, the Group has not yet completed the analysis of potential effect of these standards on its financial statements.

3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The preparation of interim consolidated financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015, with the exception of change in estimates that are required in determining the provision for income taxes.

Impairment of non-financial assets

At the end of each reporting period 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 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 calculation of value in use requires the application of the management's estimates and judgments which are deemed appropriate under the current circumstances.

The Group has conducted impairment test of property, plant and equipment and intangible assets of ALES, AZhK and GRES-1, companies that are sensitive to economic changes and significant to the Group as at 31 December 2015.

Determination of indications of non-financial assets' impairment requires the use of judgements and estimates in defining possibility of technological obsolescence of fixed assets, termination of activity, residual useful lives and other changes in operational conditions.

Under IAS 36, one of the possible impairment indicators is the presence of significant changes that had negative consequences for the Group that occurred during the year or are expected in the near future in the technological, market, economic or legal environment in which the Group operates or in the market for which the asset is used. According to the results of the assessment, Management has concluded that a further reduction in load of GRES-1 as a result of increased competition in the market, slowing economic growth and rising borrowing costs and their possible impact on GRES-1 income are indicators of possible impairment of non-financial assets. Consequently, the Group's Management has decided to update impairment test of property, plant and equipment and intangible assets of GRES-1 as at 30 June 2016.

GRES-1 is a thermal power station, which produces electricity and is the station of national importance.

An impairment test was conducted in accordance with IAS 36 "Impairment of Assets". Management has assessed the recoverable amount of property, plant and equipment and intangible assets of GRES-1 based on the assessment of expected future cash inflows and outflows from the assets, discount rates and other variables.

The recoverable amount was determined based on value-in-use calculations. These calculations use cash flow projections based on the updated financial budgets approved by management covering a 5-year period for 2016-2021 and further volume of sales will increase at the level of 1-1.5%, annually, in accordance with forecasts of the Ministry Energy.

GRES-1 has identified its property, plant and equipment as a single cash-generating unit, as this is the lowest level at which GRES-1 exercises control over the recoverability. Key assumptions used by management in determining the value in use are:

- Updated forecasted sales volumes of electricity and tariffs:

	July- Dec 2016	2017	2018	2019	2020	2021	2022	2023	2024	2024	2026
Sale of electricity (domestic market), mil. kWh	4,256	11,238	12,111	14,604	17,101	17,895	18,737	19,018	19,303	19,593	19,887
Export of electricity, mln. kWh	-	-	2,112	2,113	2,113	2,112	2,112	2,144	2,176	2,208	2,242
Tariff on sale of electricity, (domestic market), Tenge/kWh	7.35	6.50	6.73	6.96	7.21	7.47	7.75	8.02	8.30	8.59	8.89
Tariff on production of electricity (export), Tenge/kWh	-	-	9.64	9.98	10.33	10.70	11.10	11.48	11.89	12.30	12.73

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

Sales volume forecast is based on past performance and management's expectation. It has been suggested that since 2016 a number of customers, including Kazakhstan Electricity Grid Operating Company («KEGOC»), will increase the amount of electricity consumed; by 2018 the Company will start export of electricity to Kyrgyzstan due to the formation of a stable and increasing winter electricity shortage; from 2020 to attract additional volumes due to substitution of other power plants generating capacities, disposal of which is expected due to being of commercially not viable replacement or reconstruction at the current economic situation. In addition, the management plans to reduce tariffs significantly for the customers that can attract additional volumes as well.

In case of decrease / increase sales volumes by 10%, the recoverable amount of property, plant and equipment will increase / decrease by Tenge 128,461,471 thousand.

In the case of decrease / increase of tariffs by 10%, the recoverable amount of property, plant and equipment will increase / decrease by Tenge 128,461,471 thousand.

- After-tax discount rate is equal to 11.40% annum.

Cash flows have been discounted using after-tax discount rate of 11.40% per annum, which has been determined based on the weighted average cost of capital of GRES-1. Increase/decrease in discount rate of 1%, will result in the recoverable amount of property, plant and equipment reduced by Tenge 56,772,471 thousand /increase by Tenge 70,791,529 thousand.

- Long-term inflation rate used to calculate the terminal value is 2,3% per annum

As a result of test performed, the recoverable amount of property, plant and equipment at 30 June 2016 was estimated higher than their carrying value. Accordingly, Company did not recognize any impairment losses of property, plant and equipment in 2016.

Applied Critical accounting estimates and judgments, with the exception of the above correspond to the accounting estimates and judgments applied in the preparation of the annual financial statements for the period ended June 30, 2016.

Recognition of revenue from electricity sales

The Group recognises revenue when the electricity is supplied according to the meter readings of the electricity consumers. The meter readings are provided by the consumers on a monthly basis and checked by the Group for correctness on a sample basis. Since the procedures for invoicing of the consumed electricity have a cycle nature, the Group sold the significant amount of electricity at the end of the reporting period, for which invoices have not been issued to the customers. The Group recognises revenue for electricity sold from the moment of the last meter reading taking to the end of the reporting period on the basis of estimate. The balance sheet approach for estimation is applied by the Group for measurement of revenue not invoiced to the legal entities at the end of reporting period. According to the Group's approach, the daily amount of purchased electricity consumed but not invoiced is determined as at the end of the reporting month which is then multiplied by the selling price.

4 Segment Information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of the CODM are performed by the management board of the Group.

CODM is responsible for decision making on operating activities, assess segment results on the basis of revenue and profit before tax. CODM monitors the revenue and operating profit. CODM also monitors the consolidated adjusted EBITDA, which is calculated as profit/(loss) for the period before accounting for finance income and finance expense, income tax expenses, depreciation of property, plant and equipment and amortisation of intangible assets, impairment of property plant and equipment and investment property, impairment of goodwill, share of profit/(loss) of associates and joint ventures and effects, related to acquisition and other similar effects. Sequence for identification of adjusted EBITDA by Group might be different from sequence used by other companies.

4 Segment Information (Continued)

(a) Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of three main business segments:

- Production of electricity and heating energy;
- Transmission and distribution of electricity;
- Sale of electricity.

(b) Performance of operating segments

The CODM evaluates performance of each segment based on a measure of revenue and operating profit.

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4 Segment Information (Continued)

<i>In thousands of Kazakhstani Tenge</i>	Production of electric energy and heating energy		Electric energy transmission and distribution		Sale of electric energy		Others		Total	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015
External revenues	42,352,970	49,123,845	7,420,132	6,718,967	59,394,943	58,248,919	-	-	109,168,045	114,091,731
Inter-segment revenue	27,301,240	25,180,931	20,689,079	20,019,266	461	547	-	-	47,990,780	45,200,744
Total revenue	69,654,210	74,304,776	28,109,211	26,738,233	59,395,404	58,249,466	-	-	157,158,825	159,292,475
Share of profit of joint ventures and associates	1,684,001	572,826	-	-	-	-	1,998,592	2,282,039	3,682,593	2,854,865
Profit/(loss) before income tax	12,217,869	18,052,714	6,282,364	6,289,049	(415,930)	(1,254,229)	(5,557,982)	(7,691,328)	12,526,321	15,396,206

4 Segment Information (Continued)
(d) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

<i>In thousands of Kazakhstani Tenge</i>	6 months ended 30 June 2016	6 months ended 30 June 2015
Total revenues for reportable segments	157,158,825	159,292,475
Revenues from other operations	-	-
Total revenue	157,158,825	159,292,475
Inter-segment revenue	(47,990,780)	(45,200,744)
Total consolidated revenues	109,168,045	114,091,731

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2)

(e) A reconciliation of total adjusted EBITDA to total profit before income tax is provided as follows:

<i>In thousands of Kazakhstani Tenge</i>	6 months ended 30 June 2016	6 months ended 30 June 2015
Adjusted EBITDA	39,152,438	40,022,001
Depreciation and amortisation	(22,504,683)	(18,812,454)
Income/(loss) from legal claims	-	(148,873)
Finance income	2,947,924	1,400,968
Finance costs	(10,284,649)	(12,389,608)
Share of profit of associates	3,682,593	2,854,865
Income from sale of investment in ZhGRES	-	2,469,307
Impairment of goodwill and assets	(467,302)	-
Profit before income tax for the period	12,526,321	15,396,206

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2)

(f) Analysis of revenues by products and services

The Group's revenues are disclosed by products and services in Note 17 (revenue from core activities). Majority of sales of the Group are within Kazakhstan.

(g) Major customers

During six months periods ended 30 June 2016 and 30 June 2015 there were no customers for which sales of the Group represented 10% or more of the total revenues. There has been no material change in total assets or total liabilities from the amounts disclosed in the last annual financial statements.

5 Balances and Transactions with Related Parties

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

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

The nature of relations with those related parties with whom the Group entered into transactions or had balances outstanding at 30 June 2016 and 31 December 2015 is detailed below.

At 30 June 2016, the outstanding balances with related parties were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholders	Government related entities
Trade and other receivables	1,159,982	180,199	29,238	-	205,147
Cash and cash equivalents	1,469	-	-	-	325,703
Other non-current assets	6,798,346	-	-	223,491	-
Other current assets	453,064	2,745	-	1,050,861	-
Borrowings	-	-	227,701	56,592,150	23,543,406
Trade and other payables	1,375,936	1,015,440	797,384	3,219,246	1,044,480

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

<i>In thousands of Kazakhstani Tenge</i>	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholders	Government related entities
Trade and other receivables	1,674,442	310,654	10,552	-	3,968,625
Cash and cash equivalents	27,333	-	-	-	964,050
Other non-current assets	76,901	609,095	-	-	13,292
Other current assets	6,825,446	-	-	223,491	-
Borrowings	-	-	216,769	57,537,094	24,583,534
Trade and other payables	2,645,981	1,909,491	839,427	60,725	1,536,011

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

<i>In thousands of Kazakhstani Tenge</i>	Companies under common control	JVs and associates of Samruk- Energy	JVs and associates of Samruk-Kazyna	Shareholders	Government related entities
Revenue	10,021,963	1,160,701	277,103	-	9,332,290
Cost of sales	15,076,121	6,974,878	4,339	-	1,765,313
General and administrative expenses	215,682	-	-	-	-
Distribution costs	1,400,276	-	-	-	-
Other expenses	2,843	-	-	50,291	-
Other income	187,109	-	-	-	9,563
Finance costs	-	-	-	2,776,020	759,983
Finance income	156,352	-	-	6,479	-
Gain on foreign exchange	31,537	26,720	7	-	759,993

5 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for six months ended 30 June 2015 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Companies under common control	JVs and associates of Samruk Energy	JVs and associates of Samruk-Kazyna	Shareholders	Government related entities
Revenue	5,034,862	1,173,466	13,136	-	8,833,371
Cost of sales	7,907,337	12,928,488	-	-	1,245,108
General and administrative expenses	202,111	-	-	-	-
Distribution costs	1,492,430	-	-	-	-
Other expenses	-	13,432	-	-	-
Other income	5,885	-	-	410	-
Finance costs	-	-	-	5,564,020	588,499
Finance income	84,410	-	-	6,479	-
Gain on foreign exchange	77,482	-	-	-	-

Key management compensation is presented below:

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	30 June 2015
Key management compensation	59,714	341,007
Total key management compensation	59,714	341,007

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel as at 30 June 2016 include 7 persons (30 June 2015: 8 persons).

6 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Buildings and constructions	Machinery and equipment	Other	Construction in progress	Total
Cost at 1 January 2014	186,927,891	544,940,957	15,150,802	92,568,147	839,587,797
Accumulated depreciation and impairment	(28,423,607)	(59,186,917)	(4,327,496)	(340,718)	(92,278,738)
Carrying amount at 1 January 2014	158,504,284	485,754,040	10,823,306	92,227,429	747,309,059
Additions	29,944	785,775	701,473	55,817,654	57,334,846
Transfers	(95,127)	262,512	282,604	(449,989)	-
Depreciation	(4,825,691)	(13,091,104)	(584,798)	-	(18,501,593)
Disposals	(68,818)	(95,873)	(18,908)	-	(183,599)
Carrying amount at 30 June 2015	153,544,592	473,615,350	11,203,677	147,595,094	785,958,713
Cost at 30 June 2015	185,193,945	544,183,859	16,022,140	147,960,116	893,360,060
Accumulated depreciation and impairment	(31,649,353)	(70,568,509)	(4,818,463)	(365,022)	(107,401,347)
Carrying amount at 30 June 2015	153,544,592	473,615,350	11,203,677	147,595,094	785,958,713
Cost at 1 January 2016	217,917,315	580,570,951	17,300,740	117,391,527	933,180,533
Accumulated depreciation and impairment	(33,976,076)	(87,441,141)	(5,450,237)	(1,466,743)	(128,334,197)
Carrying amount at 1 January 2016	183,941,239	493,129,810	11,850,503	115,924,784	804,846,336
Additions	64,751	667,867	722,060	33,650,027	35,104,705
Transfers	8,130,217	(1,004,284)	(54,384)	(7,071,549)	-
Depreciation	(5,853,435)	(15,606,389)	(688,029)	-	(22,147,853)
Disposals	(9,830)	(64,949)	(18,496)	-	(93,275)
Transfer to disposal group	(11,761)	(1,869)	(19,060)	-	(32,690)
Impairment charge to profit or loss	(35,395)	(70,007)	(29,138)	(332,762)	(467,302)
Carrying amount at 30 June 2016	186,225,786	477,050,179	11,763,456	142,170,500	817,209,921
Cost at 30 June 2016	225,783,832	580,332,105	17,830,102	143,970,003	967,916,042
Accumulated depreciation and impairment	(39,558,046)	(103,281,926)	(6,066,646)	(1,799,503)	(150,706,121)
Carrying amount at 30 June 2016	186,225,786	477,050,179	11,763,456	142,170,500	817,209,921

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2)

Additions for the period ended 30 June 2016 include capitalised borrowing costs in the amount of Tenge 3,431,873 thousands (31 December 2015: Tenge 4,572,696 thousands).

6 Property, Plant and Equipment (Continued)

As at 30 June 2016 the property, plant and equipment with carrying value of Tenge 6,308,012 thousand (31 December 2015: Tenge 5,606,947 thousand) were pledged as collateral for borrowings received by the Group (Moinak HPS) from JSC "Development Bank of Kazakhstan".

Depreciation charge is allocated to the following items of profit and loss for the period:

<i>In thousands of Kazakhstani Tenge</i>	6 months ended 30 June 2016	Six months ended 30 June 2015
Cost of sales	21,650,727	17,989,508
General and administrative expenses	486,644	502,089
Other expenses	10,482	9,996
Total depreciation charge	22,147,853	18,501,593

7 Investments in Joint Ventures and Associates

The table below summarises the movements in the carrying amount of the Group's investment in joint ventures and associates.

<i>In thousands of Kazakhstani Tenge</i>	Joint ventures		Associate	Total
	EGRES-2	Forum Muider	BTES	
Balance at 1 January 2015	42,290,615	26,049,797	10,556,290	78,896,702
Contribution to share capital	-	-	7,556,910	7,556,910
Share of profit/(loss) for the period	572,826	2,330,724	(48,685)	2,854,865
Dividend accrued	-	(2,911,420)	-	(2,911,420)
Balance at 30 June 2015	42,863,441	25,469,101	18,064,515	86,397,057
Balance at 1 January 2016	29,522,946	25,524,702	16,999,930	72,047,578
Contribution to share capital	-	-	12,483,261	12,483,261
Share of profit/(loss) for the period	1,684,001	2,395,560	(396,968)	3,682,593
Dividend accrued	1,500,000	(1,847,592)	-	(347,592)
Balance at 30 June 2016	32,706,947	26,072,670	29,086,223	87,865,840

At 30 June 2016 the Group has interests in the following jointly controlled entities:

- EGRES-2 – 50%. The remaining 50% interest is owned by Inter-RAO UES OJSC.
- Forum Muider – 50%. The remaining 50% is owned by UC RUSAL.

By the decision of shareholders of EGRES-2 dated 10 March 2016, the dividends allocated for distribution for the prior years in the amount of Tenge 3,000,000 thousand were cancelled, where the Group's share in the dividend amounted to Tenge 1,500,000 thousand.

The Group has interests in the following associates: Balkhashskaya TES (50% minus one share), where the controlling party is the Samsung C&T. An entity was incorporated in the Republic of Kazakhstan, established by the Group in 2008 for construction of Balkhash thermal power station.

Transactions and balances with joint ventures and associates are presented in Note 5.

8 Other Non-Current Assets

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Restricted cash	917,586	920,998
Bonds	220,000	220,000
Long term deposits	62,232	261,733
Total other non-current financial assets	1,199,818	1,402,731
Prepayments for non-current assets	18,965,484	9,810,591
Non-current VAT receivable	2,318,572	2,960,833
Other non-current assets	68,741	82,654
Total other non-current assets	22,552,615	14,256,809

Gross amount of prepayments for non-current assets includes advances and prepayments for the following types of construction and fixed assets:

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Modernization of Shardara GES	11,903,901	6,777,877
Construction and reconstruction of substations in Almaty and Almaty region	2,446,557	302,244
Construction of administrative building	2,200,000	2,200,000
Modernization and reconstruction of equipment for the transmission and distribution of electricity in Mangystau region	2,113,313	54,473
Reconstruction and expansion of HPP-2 of ALES	138,680	150,100
Other	163,033	325,897
Total prepayments for non-current assets	18,965,484	9,810,591

Non-current VAT recoverable

Non-current VAT recoverable represent asset on input VAT recognised as a result of purchase of goods and services at the territory of the Republic of Kazakhstan mainly for the construction of Moinak HPS. Management believes that this amount will be recovered in full in the future as Moinak HPS has been put into operation.

9 Inventories

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Auxiliary production materials	4,636,509	3,369,630
Fuel	4,295,837	5,188,317
Spare parts	4,098,393	6,191,721
Raw materials	106,454	31,866
Other materials	699,788	699,913
Less: provision for write down to net realisable value and provision for slow-moving and obsolete inventories	(1,123,829)	(1,703,492)
Total inventories	12,713,152	13,777,955

10 Trade and Other Receivables

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Trade receivables	12,382,833	18,348,676
Less: impairment provision	(1,123,766)	(1,038,111)
Total financial receivables	11,259,067	17,310,565
Other receivables	3,998,344	6,449,714
Less: impairment provision	(3,766,298)	(3,917,441)
Total trade and other receivables	11,491,113	19,842,838

Trade and other receivables are financial receivables of the Company and as at 30 June 2016 and 31 December 2015 are denominated in Tenge. Their carrying values approximate to the fair values due to the short-term nature.

11 Other Current Assets

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Term deposits	20,056,760	30,107,680
Bonds	6,803,637	6,830,737
Restricted cash denominated in USD	5,139,172	5,695,685
Dividends receivable	2,584	2,108,905
Total other current financial assets	32,002,153	44,743,007
VAT recoverable and prepaid taxes	3,006,478	3,430,740
Advances to suppliers	3,244,641	1,099,783
Assets held for the benefit of the Shareholder	1,050,861	988,787
Other	659,609	604,648
Total other current assets	39,963,742	50,866,965

Term deposits are denominated in following currencies:

<i>In thousands of Kazakhstan Tenge</i>	30 June 2016	31 December 2016
US Dollars	16,145,649	28,212,446
Kazakhstani Tenge	3,911,111	1,895,234
Total term deposits	20,056,760	30,107,680

Restricted cash represents cash received from electricity sales placed to the pledge account according to the loans agreement with the Development Bank of Kazakhstan and the Development Bank of China. Management believes that it will be able to use this cash not only for the repayment of interest on loans, but also for covering its operating expenses. Restricted cash balances are held in US Dollars.

Bonds include bonds issued by "NC "Kazakhstan Engineering" for the amount of 20,000 thousand US dollars. The maturity date is December of 2016.

On behalf of the Shareholder, the Group made a commitment for the construction of a kindergarten in Astana for the amount of Tenge 1,174,068 thousand, which was recorded as other distribution to shareholders. The Group has accrued liability for the estimated amount of construction for amount of Tenge 1,174,068 thousand as other distributions to shareholder. As at 30 June 2016, the Company incurred expenses associated with the construction of a kindergarten of Tenge 1,050,861 thousand. These actually incurred expenses are recorded as current assets held for the benefit of shareholders, as it is expected that these assets will be transferred to the shareholder during 2016 as the distribution of income to the shareholder pursuant to the Protocol of the meeting with the participation of the President of Kazakhstan on 27 November 2013.

12 Cash and Cash Equivalents

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Demand deposits	9,972,922	12,444,844
Cash at current bank accounts	7,408,657	19,465,578
Cash on hand	54,796	17,089
Total cash and cash equivalents	17,436,375	31,927,511

Demand deposits and bank deposits have contractual maturity terms less than three months and are receivable on demand.

Cash and cash equivalents balances are denominated in the following currencies:

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Kazakhstani Tenge	9,754,983	22,017,179
US Dollar	7,555,114	5,915,648
Other currencies	126,278	3,994,684
Total cash and cash equivalents	17,436,375	31,927,511

13 Equity
Share capital

	Issue date	Number of authorised and issued shares	Value per share, Tenge	Share Capital, (thousands of Tenge)
Balance at 1 January 2014		5,463,437		233,946,269
Payment of unpaid portion of previous issues:				
11 th issue of shares	26 of March 2014	21,000	1,000,000	21,000,000
12 th issue of shares	6 of October 2014	100,000	1,000,000	100,000,000
13 th issue of shares	1 of September 2014	1,000	418,117	418,117
Balance at 31 December 2014		5,585,437		355,364,386
Payment of unpaid portion of previous issues:				
14 th issue of shares	15 of July 2015	286	1,000,065	286,019
Balance at 31 December 2015		5,585,723		355,650,405
Payment of unpaid portion of previous issues:				
15 th issue of shares	6 of April 2016	10,964	1,000,044	10,964,483
Balance at 30 June 2016		5,596,687		366,614,888

At 30 June 2016, 5,596,687 issued common shares were fully paid (31 December 2015: 5,585,437 shares). Each ordinary share carries one vote. The Company does not have any preference shares.

13 Equity (Continued)
Dividends declared

On 22 April 2016 the Group has declared dividends to its only shareholder for amount of Tenge 2,041,000 thousand – sole shareholder. Dividends were not paid as of 30 June 2016.

Other reserves

<i>In thousands of Kazakhstani Tenge</i>	Merger reserve	Result of transactions with shareholders	Other comprehensive loss	Total
Balance at 1 January 2015	37,282,287	18,025,646	(314,836)	54,993,097
Other comprehensive loss	-	-	(34,858)	(34,858)
Balance at 30 June 2015	37,282,287	18,025,646	(349,694)	54,958,239
Balance at 1 January 2016	37,282,287	90,607,549	(311,730)	127,578,106
Other comprehensive loss	-	-	(34,351)	(34,351)
Balance at 30 June 2016	37,282,287	90,607,549	(346,081)	127,543,755

14 Borrowings
In thousands of Kazakhstani Tenge

	30 June 2016	31 December 2015
Non-current portion		
Loan from Samruk-Kazyna	53,974,952	54,355,849
Bonds issued	175,172,569	175,813,521
Bank term loans	131,763,169	108,113,692
Loans from customers	1,783,231	1,875,738
Total borrowings-non-current portion	362,693,921	340,158,800
Current portion		
Bank term loans	31,786,114	66,212,250
Bonds issued	394,408	387,285
Loan from Samruk-Kazyna	2,617,196	3,181,244
Loans from customers	614,228	613,445
Notes payable	450,358	450,358
Total borrowings-current portion	35,862,304	70,844,582
Total borrowings	398,556,225	411,003,382

14 Borrowings (Continued)

Presented below are carrying amounts of borrowings by the Group entities:

<i>In thousands of Kazakhstan Tenge</i>	30 June 2016	31 December 2015
<i>Samruk-Energy</i>		
Samruk-Kazyna	56,592,149	57,537,093
ATF Bank	-	4,506,589
Halyk Bank	602,083	6,240,502
Kazkommertsbank	10,180,000	10,180,000
Eurobonds	169,406,054	170,040,909
Total Samruk-Energy	236,780,286	248,505,093
<i>AZhC</i>		
Loans from customers	2,397,459	2,489,183
Halyk Bank	1,798,298	1,751,291
Nurbank	200,549	501,166
Notes payable	450,358	450,358
Total AZhC	4,846,664	5,191,998
<i>Almaty Power Station</i>		
Halyk Bank	1,255,377	4,020,414
VTB Bank Kazakhstan	791,197	1,236,253
KazInvestBank	2,173,179	1,441,504
City Bank	-	1,476
Total Almaty Power Station	4,219,753	6,699,647
<i>Moinak HPS</i>		
State Development Bank of China	56,280,138	58,202,820
Development Bank of Kazakhstan	23,543,406	24,583,534
Total Moinak HPS	79,823,544	82,786,354
<i>AlmatyEnergoSbyt</i>		
Halyk Bank	1,514,347	2,074,567
Total AlmatyEnergoSbyt	1,514,347	2,074,567
<i>PVES</i>		
Eurasian Development Bank	13,353,206	14,310,421
Total PVES	13,353,206	14,310,421
<i>MEDC</i>		
Bonds issued	6,164,793	6,156,272
Loans from customers	778,386	637,697
Karazhanbasmunai	-	164,330
Halyk Bank	2,000,000	133,333
Total MEDC	8,943,179	7,091,632

14 Borrowings (Continued)
In thousands of Kazakhstan Tenge

	30 June 2016	31 December 2015
<i>Shardara HPS</i>		
EBRD	8,935,943	7,558,750
Total Shardara HPS	8,935,943	7,558,750
<i>Aktobe TPS</i>		
Halyk Bank	300,000	250,000
Total Aktobe TPS	300,000	250,000
<i>VKREC</i>		
BankCenterCredit	246,165	999,781
Total VKREC	246,165	999,781
<i>ShygysEnergoTrade</i>		
BankCenterCredit	1,500,000	-
Total ShygysEnergoTrade	1,500,000	-
<i>EGRES-1</i>		
SberBank	-	23,485,611
Halyk Bank	38,093,138	12,049,528
Total EGRES-1	38,093,138	35,535,139
Total borrowings	398,556,225	411,003,382

Below table represents carrying amounts and fair values of borrowings.

<i>In thousands of Kazakhstan Tenge</i>	Carrying amounts		Fair values	
	2016	2015	2016	2015
Bonds	175,566,977	176,200,806	170,079,792	164,224,827
Loans from customers	2,397,459	2,489,183	3,630,521	3,240,899
Bank term loans	163,549,283	174,325,942	159,776,273	172,656,240
Notes payable	450,358	450,358	450,358	450,358
Loan from Samruk-Kazyna	56,592,148	57,537,093	44,692,831	47,960,689
Total borrowings	398,556,225	411,003,382	378,629,775	388,533,013

The following is major changes in borrowings after the year ended 31 December 2015:

Samruk-Energy

On 31 March 2016, Group repaid short-term loan received from ATF Bank in the amount of Tenge 4,506,589 thousand.

14 Borrowings (Continued)**AZhC***Halyk Bank of Kazakhstan*

On 30 June 2015 AZhC and Halyk Bank of Kazakhstan JSC thereafter (thereafter “Halyk Bank”) signed an agreement on a credit line of Tenge 1,745,211 thousand with an interest rate of 13.0% per annum in Tenge for 5 years. The purpose of the credit line was on reconstruction and new construction of 0.4 kW HV line on PDZ-5 with a transfer to self-supporting insulated wire, reconstruction 6-10/0.4 kW which does not meet requirements and construction of 6-10/0.4 kW. As a security of obligations under the agreement, Halyk Bank was provided (will be provided) with a collateral:

- movable goods – money on current accounts with the Bank, including those coming in the future (Note 12).
- movable and immovable goods, which will be purchased/built/reconstructed at the expense of borrowings.

On 30 June 2015 as part of this credit line a tranche of Tenge 247,471 thousand was received. The loan is repaid on a monthly basis, by equal instalments, starting from 30 July 2016 to 30 June 2020. The repayment is regulated by repayment schedules as per loan agreements.

On 24 December 2015 AZhC concluded additional agreement on the increase in the credit line to Tenge 3,245,211 thousand and received a tranche of Tenge 1,500,000 thousand with an interest rate of 14.0% for 12 months. The purpose is to replenish the working capital. The loan is repaid on a monthly basis, by equal instalments, starting from the date the tranche was received.

On 2 March 2016 as part of this credit line a tranche of Tenge 799,189 thousands was received with an interest rate of 20.0% per annum. The loan is repaid on a monthly basis, by equal instalments, starting from 30 July 2016 until 30 June 2020. Payment is regulated by repayment schedule in accordance with the loan agreements. On 12 April 2016 the interest rate on this tranche was reduced to 16.0% per annum.

EGRES-1*Sberbank*

During 2014 EGRES-1 received a short-term general purpose loan in the amount of 13,000,000 thousand tenge from JSC “Sberbank of Russia” to replenish the working capital with a period from 20 May 2014 to 19 May 2015. According to the terms of the contract the interest rate is effective and is 10% per annum. In May 2015 EGRES-1 fully repaid the loan.

During April 2015 company prolonged its credit line with JSC “Sberbank of Russia” and obtained a short-term bank loan for the amount of Tenge 15,000,000 thousand for the period of one year from 20 May 2015 until 19 May 2016. According to the terms of the contract the interest rate is fixed and equal to 14% per annum. During 2016, the Company fully repaid the debt to JSC “Sberbank of Russia” by restructuring to JSC “Halyk Bank of Kazakhstan”.

Halyk Bank of Kazakhstan

On 8 April 2015 a loan agreement with “Halyk Bank of Kazakhstan” JSC was signed for the amount of Tenge 12,000,000 thousand for one year. The loan was granted to replenish the working capital for a period of 12 months. The interest rate was 14% per annum. On 7 April 2016 Company prolonged this credit line for one year starting from 7 April 2016 to 7 April 2017. The interest rate is fixed and according to the agreement is 16% per annum.

On 12 May 2016, the additional agreement was concluded and amended loan agreement with JSC “Halyk Bank of Kazakhstan”. The credit limit has been increased and on 16 May 2016, the Company restructured loans from JSC “Sberbank of Russia” with maturity up to 7 April 2021. According to the terms of the contract, the rate is fixed which is 15% per annum. On 18 May 2016, Company extended previously obtained loan in the amount of Tenge 12,000,000 thousand from 18 May 2016 to 7 April 2021.

On 27 May 2016, Company concluded additional agreement with JSC “Halyk Bank of Kazakhstan” and received a loan for the amount of Tenge 3,000,000 thousand for one year period. According to the terms of the contract, the rate is fixed which is 16% per annum.

14 Borrowings (Continued)
ShygysEnergoTrade
BankCenterCredit

On 18 December 2015 the Company entered into an agreement with JSC "Bank Center Credit" for an opening a credit line in the amount of Tenge 1,800,000 thousand. The credit limit granted for a period of twelve months. The purpose of providing loans was a replenishment of working capital. For 6 months of 2016 Company returned principal and interest amounts on term loans for the total amount of Tenge 330,926 thousand. As at 30 June 2016 future cash flows in the amount of Tenge 3,708,655 thousand were pledged.

The Group's borrowings mature as follows:

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Borrowings due:		
- within 1 year	35,862,304	66,828,852
- from 2 to 5 years	256,209,525	214,759,329
- over 5 years	106,484,396	129,415,201
Total borrowings	398,556,225	411,003,382

The Group's borrowings are denominated in the following currencies:

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Borrowings denominated in:		
- Tenge	159,832,441	169,155,971
- US Dollars	238,569,071	241,847,411
- Russian Rouble	154,713	-
Total borrowings	398,556,225	411,003,382

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures during the six-month period ended 30 June 2016.

15 Other Non-Current Liabilities

<i>In thousands of Kazakhstan Tenge</i>	30 June 2016	31 December 2015
Deferred income:		
- AZhC	2,470,898	2,741,276
- MEDC	1,496,283	1,529,902
Liabilities related to preference shares of subsidiaries	354,903	354,202
Trade payables	131,597	69,673
Other	58,398	40,357
Total other non-current liabilities	4,512,079	4,735,410

Deferred income represents the difference between the nominal value of loans from customers received by AZhC and MEDC for construction and reconstruction of power transmission lines and infrastructure to connect to electricity transmission lines and the fair value of these loans at initial recognition. The associated deferred income is subsequently recognized as profit over the useful lives of assets.

16 Trade and Other Payables

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Trade payables	16,070,884	21,182,414
Payable to Almaty Akimat	5,841,513	5,841,513
Dividends payable	2,842,695	718,770
Other financial payables	1,409,012	2,767,560
Total financial payables	26,164,104	30,510,257
Advances received from customers	4,068,060	5,179,377
Salaries payable	1,197,080	1,235,366
Accrued provisions for unused vacations	1,903,247	1,694,679
Other payables	3,335,696	3,426,940
Other distributions to shareholder (Note 11)	1,174,068	1,174,068
Total trade and other payables	37,842,255	43,220,687

As at 30 June 2016 and 31 December 2015, Company's financial payables are denominated in Tenge.

17 Revenue

<i>In thousands of Kazakhstani Tenge</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
Sale of electricity	88,916,841	96,862,101	39,762,743	41,979,318
Sale of heat energy	8,373,215	8,574,541	1,888,913	1,926,661
Electricity transmission and distribution services	7,261,999	6,587,508	3,322,762	3,105,455
Income from lease of renewable energy power plants	1,873,448	-	672,770	-
Income from lease of investment property	1,787,250	1,128,137	781,384	543,045
Sale of chemical water	804,290	828,271	414,146	422,152
Other	151,002	111,173	65,119	72,702
Total revenue	109,168,045	114,091,731	46,907,837	48,049,333

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

SAMRUK-ENERGY JSC
Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2016
18 Cost of Sales

<i>In thousands of Kazakhstani Tenge</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
Depreciation of property, plant and equipment and amortisation of intangible assets	21,845,949	18,151,418	10,943,254	9,069,128
Fuel	17,231,876	17,906,666	3,590,133	3,387,728
Payroll and related expenses	13,387,854	12,485,920	6,593,812	6,198,867
Cost of purchased electricity	9,344,177	11,775,551	3,788,304	5,463,412
Electricity transmission and other services	7,328,044	6,786,941	5,625,235	5,359,303
Taxes other than on income	3,162,333	3,084,329	1,501,861	1,416,941
Third party services	2,454,815	1,463,402	1,323,269	801,332
Electricity losses on transmission	2,235,387	2,058,336	860,134	835,916
Water supply	2,231,890	2,161,477	1,189,219	1,094,392
Materials	2,167,453	2,159,335	1,223,992	1,380,936
Repairing and maintenance	1,163,324	2,037,416	703,022	1,546,977
Security service	543,928	495,764	272,031	256,991
Rent services	128,240	118,172	66,711	61,398
Provision on obsolete and slow-moving inventories	(570,912)	(131,215)	(72,553)	3,508
Other	1,381,483	1,170,201	757,552	638,765
Total cost of sales	84,035,841	81,723,713	38,365,976	37,515,594

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

19 General and Administrative Expenses

<i>In thousands of Kazakhstani Tenge</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
Payroll and related expenses	3,252,482	3,417,461	1,553,064	1,939,515
Consulting and other professional services	1,071,147	322,062	776,666	165,087
Depreciation of property, plant and equipment and amortisation of intangible assets	648,717	651,307	319,401	327,527
Taxes other than on income	476,831	418,673	310,826	262,609
Rent expense	377,536	369,682	190,611	185,987
Bank charges	145,253	82,733	58,543	53,188
Security services	127,575	119,053	65,261	59,212
Materials	126,823	123,057	69,394	24,880
Business trip and representative expenses	120,272	144,800	68,197	89,483
Communication expenses	78,004	74,880	39,148	37,570
Donation and public assistance	-	75,455	-	59,053
Repair and maintenance	68,774	83,274	34,390	46,146
State duty	64,105	41,744	50,697	36,394
Insurance	49,340	141,002	25,028	70,760
Transportation expenses	33,427	61,885	19,145	25,298
Charge/(reversal) of provision for impairment of trade and other receivables and other current assets	(56,629)	561,601	(170,202)	369,723
Other	762,944	813,842	338,867	317,195
Total general and administrative expenses	7,346,601	7,502,511	3,749,036	4,069,627

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

20 Finance Income

<i>In thousands of Kazakhstani Tenge</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
Foreign exchange gains less losses	1,094,551	-	2,864,156	-
Interest income on bank deposits	1,566,112	1,033,738	713,737	502,025
Other	287,261	367,230	137,385	318,374
Total finance income	2,947,924	1,400,968	3,715,278	820,399

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

21 Finance Costs

<i>In thousands of Kazakhstani Tenge</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
Foreign exchange losses less gains	-	1,991,161	-	279,828
Interest expense on borrowings	4,453,949	6,626,069	2,480,356	3,413,044
Interest expense on bonds	3,221,531	1,923,558	1,151,146	1,004,858
Dividends on preference shares of subsidiaries	168,195	168,195	84,097	84,097
Unwinding of the present value discount:				
- loans and financial aid from shareholders	2,000,213	773,688	998,610	388,335
- notes payable	-	38,678	-	19,339
- employee benefit payable	31,250	32,468	27,450	28,182
- ash dump restoration provision	80,371	17,090	48,601	17,090
- loans from customers	145,834	159,572	72,399	79,786
- bonds issued	37,050	39,983	21,237	22,655
Other	146,256	619,146	106,917	581,295
Total finance costs	10,284,649	12,389,608	4,990,813	5,918,509

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

22 Taxes

<i>In thousands of Kazakhstani Tenge</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
Current income tax	1,856,855	3,344,246	871,747	365,280
Deferred income tax	1,984,036	2,133,967	828,627	1,397,767
Total income tax expense	3,840,891	5,478,213	1,700,374	1,763,047

22 Taxes (Continued)

Reconciliation between the expected and the actual taxation charge is provided below:

<i>In thousands of Kazakhstani Tenge</i>	Note	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
Profit before tax under IFRS		12,526,321	15,396,206	5,317,274	1,768,697
Theoretical tax (benefit)/expense at statutory rate of 20% (2015: 20%)		2,505,264	3,079,241	1,063,455	353,739
Adjustments for:					
Share of profit of joint ventures not subject to income tax	7	(736,519)	(570,973)	(527,186)	(190,740)
Non-deductible expenses		711,759	1,007,146	657,172	738,101
Temporary differences that will be recognised upon termination of investment contract		203,834	138,705	102,212	-
Withholding tax		155,146	129,721	80,177	53,030
Corrections of prior periods		(39,074)	7,471	-	7,471
Changes in unrecognised deferred income tax assets		1,431,028	1,686,902	741,447	801,446
Gain of Moinak HPS exempted from income tax		(390,547)	-	(416,903)	-
Total income tax expense		3,840,891	5,478,213	1,700,374	1,763,047

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

Taxes payable

<i>In thousands of Kazakhstani Tenge</i>	30 June 2016	31 December 2015
Income tax	350,715	466,619
Income tax payable	350,715	466,619
VAT	717,657	236,300
Individual income tax	191,777	312,823
Environmental taxes	364,797	647,478
Social tax	163,002	259,535
Other taxes	107,888	68,292
Taxes payable other than income tax	1,545,121	1,524,428
Total taxes payable	1,895,836	1,991,047

23 Contingencies, Commitments and Operating Risks

Except for the information prescribed below, as at 30 June 2016 there were no contingent and contractual obligations and operational risks than those which have been disclosed in the consolidated financial statements for the year ended 31 December 2015.

Legal proceedings

In the course of normal operations, the Group is subject to litigations and claims. At present, the Group's management believes that final obligations, if any, arising from such litigations and claims will not have any significant adverse effect on the future financial position of the Group.

Capital commitments

As at 30 June 2016 the Group had contractual commitments to purchase the property, plant and equipment for Tenge 123,191,293 thousand (31 December 2015: Tenge 128,417,221 thousand).

Capital commitments of joint ventures

As at 30 June 2016 the Group's share in capital expenditure commitments of Forum Muider and ERGES-2 comprised Tenge 52,029,756 thousand (31 December 2015: Tenge 49,037,395 thousand).

Contingent liabilities of joint ventures

In previous periods LLP "Bogatyr Komir", a subsidiary of Forum Muider (hereinafter "BCK LLP"), has been involved in litigation with the JSC National Company "Kazakhstan Temir Zholy" (hereinafter "the JSC NC KTZ") in respect of the appeal by the Company of penalties by the JSC NC KTZ for fees and charges for the use of railway cars for a total amount of Tenge 1,796,764 thousand.

During the six months ended 30 June 2016, at the appeal of JSC NC KTZ Decision of the Trial Chamber of the Supreme Court as at 9 March 2016 was made. Court decided to approve the application in the amount of Tenge 306,742 thousand in relation to the request for payment by the JSC NC KTZ the duties and fees for the use of railway cars. BK LLP made a payment on 17 March 2016 and recorded this amount to selling expenses.

On 13 July 2016 the Supreme Court handed down a decision on the recovery of charges for the use of railway cars in the amount of Tenge 208,667 thousand. BK LLP accrued a provision for this amount as at 30 June 2016.

Management of BK LLP believes that as at 30 June 2016 there is no reason to create a provision for the remaining amount of Tenge 1,184,353 thousand due to the fact that at the moment there are decisions of the cassation board of the Pavlodar Regional Court on refusal to the claims of JSC NC KTZ. This decision came into force. JSC NC KTZ has right to submit a petition for review of cases in the Supreme Court of the Republic of Kazakhstan. At the date of authorization of these financial statements, the Company has not received notification from the Supreme Court of acceptance to the Supreme Court petitions by JSC NC KTZ.

On 30 June 2016 the Group's joint ventures do not have any significant commitments, except for the obligations described above (2015: no significant commitments).

Loan covenants

The Group has certain covenants on loans and Eurobonds. Failure to comply with these covenants may result in negative consequences for the Group including growth in borrowing costs and the declaration of default. As at 30 June 2016 and 31 December 2015 the Group complied with its covenants, except for the covenants on the loan for Shardara HPP. Consequently, the Group reclassified the long term part of loan received by Shardara HPP to short-term part.

24 Principal Subsidiaries, Associates and Joint Ventures

On 30 June 2016 the Group has classified its subsidiary of LLP "Karagandagiproshaht and K" as assets held for sale. On 8 July 2016 the Group has entered into a transaction to sell the asset for the amount of Tenge 154,716 thousand.

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
Subsidiaries:				
<i>Alatau Zharyk Company JSC ("AZhC")</i>	Electricity transmission and distribution in Almaty and the Almaty region	100%	100%	Kazakhstan
<i>Almaty Power Stations JSC ("ALES")</i>	Production of electricity, heat energy and hot water in Almaty and the Almaty region	100%	100%	Kazakhstan
<i>Aktobe Thermal Power Station JSC ("Aktobe TPS")</i>	Production of electricity, heat energy and hot water in Aktobe city	100%	100%	Kazakhstan
<i>AlmatyEnergoSbyt LLP ("AlmatyEnergoSbyt")</i>	Sale of electricity in Almaty city and region	100%	100%	Kazakhstan
<i>Shardara HPS JSC ("Shardara HPS")</i>	Production of electricity on the basis of water resources in the Southern Kazakhstan	100%	100%	Kazakhstan
<i>Moinak HPS JSC ("Moinak HPS")</i>	Production of electricity on hydropower station	100%	100%	Kazakhstan
<i>Mangistau Electricity Distribution Company JSC ("MEDC")</i>	Transmission of electricity, technical distribution of electricity within the network for oil and other companies, and sale of electricity to the remote rural districts of the Mangistau region of the Republic of Kazakhstan.	77%	77%	Kazakhstan
<i>Tegis Munai LLP</i>	Gas field exploration and development activities	100%	100%	Kazakhstan
<i>Ekibastuzskaya GRES-1 named after Bulat Nurzhanov ("EGRES-1")</i>	Production of electricity and heat energy on the basis of coal	100%	100%	Kazakhstan
<i>Bukhtarminskaya HPS JSC ("Bukhtarminskaya HPS")</i>	Owner of Bukhtarminskaya hydropower station transferred under lease arrangement	91%	91%	Kazakhstan
<i>Ust-Kamenogorskaya HPS JSC and Shulbinskaya HPS JSC (together referred to as "Hydropower companies")</i>	Owners of Ust-Kamenogorskaya and Shulbinskaya hydropower stations transferred under concession agreement. From the moment of transfer of the hydropower stations to concession, these entities are dormant	90%	90%	Kazakhstan
<i>Samruk Green Energy LLP</i>	Development of renewable electricity	100%	100%	Kazakhstan
<i>First Wind Turbine LLP</i>	Development of renewable electricity. The company is constructing a wind farm near to Astana.	100%	100%	Kazakhstan
<i>Energiya Semirechiya LLP ("ES")</i>	Finalized construction of Solar plant near Almaty	51%	51%	Kazakhstan
<i>Erementau Wind Power LLP</i>	Construction of a wind plant	100%	100%	Kazakhstan
<i>East-Kazakhstan regional electricity distribution company ("EKREDC")</i>	Provision of the services on the transmission and technical distribution of electricity in East Kazakhstan	100%	100%	Kazakhstan
<i>Shygys Energo Trade LLP ("SET")</i>	Sale of electricity in East Kazakhstan region	100%	100%	Kazakhstan
<i>Kazhydrotechenergo LLP</i>	Implementation of the projects in the field of renewable energy projects	100%	100%	Kazakhstan
<i>Teploenergomash LLP</i>	Implementation of the projects in the field of renewable energy projects	100%	100%	Kazakhstan
<i>KaragandaGiproShaht LLP</i>	Design work for capital construction (coal mines, mines and quarries of ferrous and non-ferrous industries).	90%	90%	Kazakhstan
<i>Energy Solutions LLP</i>	Transportation and other services	100%	100%	Kazakhstan
Associates:				
<i>Balkhashskaya TES</i>	Construction of Balkhash thermal power station	49.99%	49.99%	Kazakhstan
Joint ventures:				
<i>Stantciya Ekibastuzskaya GRES-2 JSC ("EGRES-2")</i>	Production of electricity and heat energy on the basis of coal	50%	50%	Kazakhstan
<i>Forum Muider BV («Forum Muider»)</i>	Company holding 100% charter in <i>Bogatyr Komir</i> (Company involved in production of power generating coal) and a range of companies incorporated in the Russian Federation and the Republic of Cyprus, and not engaged in significant operations	50%	50%	Netherlands

25 Financial Risk Management

Financial Risk Factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2015.

As at 30 June 2016, there have been no changes in the risk management department or in any risk management policies since the year end.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In accordance with the Group policy on formation and monitoring of development plans the Group manages the liquidity risk using short-term (one month) forecasts and also mid-term forecast for the next five years. In addition, the Group develops and approves development strategy of the Group for the next ten years (currently until 2022). In planning cash flows the Group also accounts for income from temporary excess cash using the bank deposits.

26 Fair Value of Financial Instruments

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level 3 measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

All the Group's financial instruments are carried at amortised cost. Their fair values in level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique.

Financial assets carried at amortised cost

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 the short-term nature of financial receivables, their carrying amounts approximate fair values.

Financial liabilities carried at amortised cost

The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Due to the short-term nature of financial payables, their carrying amounts approximate fair values.

26 Fair Value of Financial Instruments (Continued)

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

In thousands of Kazakhstani tenge	30 June 2016				31 December 2015			
	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	-	-	17,436,375	17,436,375	-	-	31,927,511	31,927,511
Restricted cash	-	-	6,056,758	6,056,758	-	-	6,616,683	6,616,683
Term deposit	-	-	20,118,992	20,118,992	-	-	30,369,413	30,369,413
Financial receivables	-	-	11,259,067	11,259,067	-	-	17,508,109	17,508,109
Dividends receivable	-	-	2,584	2,584	-	-	2,108,905	2,108,905
Fair value of future minimum lease payments on operating lease of Bukhtarminskaya HPS	-	-	12,418,888	721,244	-	-	6,144,842	774,702
Short term loans	-	-	-	-	-	-	-	-
Bonds	6,876,433	-	-	7,023,637	6,835,820	-	-	7,050,737
Total Financial assets	6,876,433	-	67,292,664	62,618,658	6,835,820	-	94,675,463	96,356,060
Financial assets of disposal group	-	-	-	84,960	-	-	-	-
LIABILITIES								
Borrowings	-	-	208,549,983	222,989,248	-	-	224,308,186	234,802,576
Bonds	170,079,792	-	-	175,566,977	164,224,827	-	-	176,200,806
Financial payables	-	-	26,164,104	26,164,104	-	-	30,510,280	30,510,280
Non-current trade payables	-	-	131,597	131,597	-	-	69,673	69,673
Other financial liabilities	-	-	354,903	354,903	-	-	354,202	354,202
Total Financial liabilities	170,079,792	-	235,200,587	425,206,829	164,224,827	-	255,242,341	441,937,536
Financial liabilities of disposal group	-	-	-	21,711	-	-	-	-

27 Events Occurring After the Reporting Period

On 14 July 2016 the Group has announced the placement of shares in the amount of 2,239 shares of common stock in the amount of Tenge 3,000,260 thousand for the purpose of financing the expenses of the project "Load Transfer PC- 220/ 110/ 10 kW # 131 A "Gornyi Gigant" on the PC -220/110/ 10 – 10 kW 160 A "Ermensay" through networks of 110 kW and further dismantling of PC – 131 A.

At 5 July 2016 LLP "Ekibastuz GRES- 1" filed a claim to Pavlodar specialized inter-district court regarding collection of Tenge 1,100,000 thousand payable from LLP "Maikuben West" under the Agreement of execution of commitments as of 10 October 2009 and Tenge 33,000 thousand of state duties paid for filling a claim. At the date of the issue of Financial Statement there is no decision made by the Court.

At 12 July 2016 JSC "Maikuben West Holding" (which is a sole participant of LLP "Maikuben West"), filed a claim to specialized inter-district economic court of Almaty for invalidation of the decision on "Maikuben – West" LLP, "Maikuben Ugol" LLP and "Ekibastuz GRES-1" LLP.

Agreement of netting as of 9 October 2009, Agreement of implementation of commitments as of 10 October 2009, a supplementary agreement # 1 as of 11 April 2012 and Agreement of instalment repayment of the principal debt and the loss of profit as of 28 January 2013. At the date of the issue of Consolidated Interim Financial Statement there is no decision made by the Court.

On 13 July 2016 the Supreme Court handed down a decision on the recovery of charges for the use of railway cars in the amount of Tenge 208,667 thousand. BK LLP accrued a provision for this amount as at 30 June 2016.