Samruk-Energy JSC

International Financial Reporting Standards
Consolidated Financial Statements

31 March 2015

(Translated from the Russian original)

In thousands of Kazakhstan Tenge	Note	31 March 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	4	722,797,922	710,404,916
Investment property		855,805	882,542
Intangible assets	5	1,984,442	2,052,308
Exploration asset	6	12,566,309	11,448,375
Investments in joint ventures and associates	7	78,206,071	78,896,702
Other non-current assets	8	18,178,731	18,665,204
Total non-current assets		**834,589,280**	**822,350,047**
Current assets			
Inventories	9	13,534,754	12,035,047
Trade and other receivables	10	15,157,876	11,726,504
Other current assets	11	35,939,169	42,438,992
Income tax prepaid		647,242	1,281,982
Cash and cash equivalents	12	19,297,218	20,592,055
Assets of disposal group, classified as held-for-sale		44,150,373	43,984,770
Total current assets		**128,726,632**	**132,059,350**
TOTAL ASSETS		**963,315,912**	**954,409,397**

Signed on behalf of management on 13 May 2015.

Kairat B. Maxutov
Deputy Chairman of Management Board

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

SAMRUK-ENERGY JSC
Consolidated Statement of Financial Position (continued)

In thousands of Kazakhstan Tenge	Note	31 March 2015	31 December 2014
EQUITY			
Share capital	15	355,364,386	355,364,386
Other reserves		54,993,097	54,993,097
Retained earnings		90,963,703	80,553,684
Equity attributable to the Group's equity holders		**501,321,186**	**490,911,167**
Non-controlling interest		2,335,459	2,138,284
TOTAL EQUITY		**503,656,645**	**493,049,451**
LIABILITIES			
Non-current liabilities			
Ash dump restoration provision		1,162,130	1,203,172
Employee benefit obligations		1,033,125	1,033,125
Borrowings	16	282,460,935	280,326,306
Non-current trade payables	13	2,779,657	2,866,923
Other non-current liabilities	13	3,639,293	3,633,700
Deferred income tax liabilities		77,930,197	77,289,181
Total non-current liabilities		**369,005,337**	**366,352,407**
Current liabilities			
Ash dump restoration provision		84,146	85,020
Borrowings	16	39,651,256	38,840,232
Employee benefit obligations		69,518	69,518
Provisions for liabilities and charges		-	-
Trade and other payables	14	25,824,160	27,114,063
Taxes payable and other payables to budget		1,368,131	1,309,377
Income tax payable		317,588	148,636
Other current liabilities	14	6,835,174	9,125,114
Liabilities of disposal group, classified as held-for-sale		16,503,957	18,315,579
Total current liabilities		**90,653,930**	**95,007,539**
TOTAL LIABILITIES		**459,659,267**	**461,359,946**
TOTAL LIABILITIES AND EQUITY		**963,315,912**	**954,409,397**

In thousands of Kazakhstan Tenge			
Book value per common share	17	**89,818**	**87,907**

Signed on behalf of management on 13 May 2015.

Kairat B. Maxutov
Deputy Chairman of Management Board

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

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

In thousands of Kazakhstan Tenge	Note	31 March 2015	31 December 2014
Revenue	18	52,775,509	45,669,417
Cost of sales	19	(33,546,388)	(33,889,866)
Gross profit		**19,229,121**	**11,779,551**
Other income, net		36,241	192,798
Selling expense		(882,556)	(25,123)
General and administrative expenses	20	(2,853,124)	(2,526,682)
Share in profit of joint ventures and associates	7	1,901,163	5,458,036
Impairment of Goodwill		3,693	-
Finance income	21	570,219	6,704,645
Finance costs	22	(6,117,402)	(5,284,575)
Profit before income tax		**11,887,355**	**16,298,650**
Income tax expense		(3,102,386)	(1,300,443)
Profit for the year from continuing operations		**8,784,969**	**14,998,207**
Profit for the year from discontinued operations		1,822,225	-
Profit for the year		**10,607,194**	**14,998,207**
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		-	-
Total comprehensive income for the year		**10,607,194**	**14,998,207**
Profit attributable to:			
Equity holders of the Group		10,410,019	17,597,663
Non-controlling interest		197,175	(2,599,456)
Profit for the Year		**10,607,194**	**14,998,207**
Total comprehensive income attributable to:			
Equity holders of the Group		10,410,019	17,597,663
Non-controlling interest		197,175	(2,599,456)
Total comprehensive income for the year		**10,607,194**	**14,998,207**
Earnings per share			
Basic and diluted earnings per share, in Kazakhstan Tenge	23	1,864	3,217

In thousands of Kazakhstan Tenge	Attributable to equity holders of the Group				Non-controlling interest	Total equity
	Share capital	Other reserves	Retained earnings	Total		
Balance at 1 January 2014	**233,946,269**	**75,308,815**	**72,276,222**	**381,531,306**	**3,021,709**	**384,553,015**
Profit for the year	-	-	15,946,974	15,946,974	(2,696,379)	13,250,595
Other comprehensive loss	-	(152,764)	-	(152,764)	-	(152,764)
Total comprehensive income	-	(152,764)	15,946,974	15,794,210	(2,696,379)	13,097,831
Share issue	21,418,117	-	-	21,418,117	-	21,418,117
Acquisition of Moinak HPS'	-	(20,162,954)	-	(20,162,954)	1,812,954	(18,350,000)
Gain from initial recognition of loan from Samruk-Kazyna	-	18,922,380	-	18,922,380	-	18,922,380
Derecognition of gain from initial recognition due to loan modification	100,000,000	(18,922,380)	501,093	81,578,713	-	81,578,713
Dividends	-	-	(8,170,605)	(8,170,605)	-	(8,170,605)
Balance at 31 December 2014	**355,364,386**	**54,993,097**	**80,553,684**	**490,911,167**	**2,138,284**	**493,049,451**
Profit for the year	-	-	10,410,019	10,410,019	197,175	10,607,194
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	10,410,019	10,410,019	197,175	10,607,194
Balance at 31 March 2015	**355,364,386**	**54,993,097**	**90,963,703**	**501,321,186**	**2,335,459**	**503,656,645**

SAMRUK-ENERGY JSC
Consolidated Statement of Cash Flow

In thousands of Kazakhstan Tenge	31 March 2015	31 March 2014
Cash flows from operating activities		
Total cash inflows	53,779,895	420,997,947
Sale of products and goods	51,175,000	16,033,644
Advances received	897,326	17,942,625
Interest received on loans issued	-	4,308
Interest received from credit institutions	437,708	388,867
Interest received on cash	41,638	1,844
Interest received on financial assets (debt securites)	47,951	12,000
Provision of services	855,942	278,811
Other income	324,330	386,335,850
Total cash outflows	(36,625,418)	(411,285,470)
Payments to suppliers	(22,860,945)	(17,948,361)
Advances paid	(1,873,810)	(382,175)
Payment of salary expenses	(5,378,631)	(3,727,439)
Payment of interest on loans received	(1,525,004)	(940,792)
Payment of interest on debt securities (bonds)	(10,490)	(21,755)
Corporate income tax	(1,622,320)	(467,912)
Other payments to the budget	(2,687,031)	(2,400,253)
Others	(667,187)	(385,396,783)
Net cash from operating activities of continuing operation	**17,154,477**	**9,712,478**
Net cash from operating activities of disposal group	**2,547,030**	**1,099,954**
Cash flows from investing activities		
Total cash inflows	19,206,513	21,168,546
Proceeds from sale of subsidiaries	-	45,500
Return of bank deposits	15,272,831	15,007,727
Dividends and other payments from jointly-controlled entities	1,467,992	-
Repayment of short-term loans issued	-	3,669,945
Other income	2,465,690	2,445,374
Total cash outflows	(34,961,539)	(13,293,464)
Acquisition of fixed assets	(23,107,579)	(4,882,363)
Purchase of intangible assets	(72,023)	(22,374)
Acquisition of other long-term assets	(921,840)	(3,773,932)
Placement of bank deposits	(9,498,380)	(2,793,778)
Others	(1,361,717)	(1,861,017)
Net cash used in investing activities of continuing operation	**(15,755,026)**	**7,875,082**
Net cash used investing activities of disposal group	**(3,248,477)**	**(1,866,290)**
Cash flows from financing activities		
Total cash inflows	2,557,150	222,500,243
Other contributions of controlling owners	-	21,000,000
Other contributions of non-controlling owners	-	-
Proceeds from short-term loans received	2,555,150	1,500,000
Proceeds from long-term loans received	2,000	200,000,000
Income from debt securities (bonds)	-	-
Sale of own shares (not initial offering)	-	-
Others	-	243
Total cash outflows	(5,341,448)	(6,918,049)
Payment of principal on short-term loans received	(1,869,552)	(3,595,656)
Payment of principal on long-term loans received	(3,471,489)	(3,070,665)
Dividends paid:		
- shareholders of the parent company	-	-
- non-controlling owners	(407)	(256)
Others	-	(251,472)
Net cash from/(used) financing activities of continuing operation	**(2,784,298)**	**215,582,194**
Net cash from/(used) financing activities of disposal group	**218,908**	**700,822**
Foreign exchange effect on Cash and cash equivalents	**117,125**	**17,222,189**
Net (decrease)/increase in cash and cash equivalents of continuing operation	**(1,267,723)**	**250,391,943**
Net (decrease)/increase in cash and cash equivalents of disposal group	**(482,540)**	**(65,513)**
Cash and cash equivalents at the beginning of the year	20,592,055	15,241,998
Cash and cash equivalents at the beginning of the year of disposal group	1,066,112	192,199
Cash and cash equivalents at the year-end of continuing operations	**19,297,218**	**265,760,627**
Cash and cash equivalents at the year-end of discontinued operations	**610,686**	**-**

Samruk-Energy JSC

Notes to the consolidated financial statements for the 1st quarter of 2015

1 Samruk-Energy Group and Its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the period ended 31 March 2015 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")

Principal activity

The Group's principal activities are production of electricity and heat energy and hot water on the basis of coal, hydrocarbons and water resources, and sale to households and industrial enterprises, transmission of electricity and technical distribution of electricity within the network, construction of power stations, lease of property of power stations.

Principal Subsidiaries, Associates and Joint Venture

Нижеприведенный The following list shows the entities included in the Group, their respective jurisdictions of incorporation, and the percentage ownership held directly or indirectly by Samruk-Energy JSC (the Group's ownership percentage is in brackets):

	Percentage of ownership
Alatau Zharyk Company JSC ("AZhC")	84%
Almaty Power Stations JSC ("ALES")	100%
Aktobe Thermal Power Station JSC ("Aktobe TPS")	100%
AlmatyEnergoSbyt LLP ("AlmatyEnergoSbyt")	100%
Shardara HPS JSC ("Shardara HPS")	100%
Bukhtarminskaya HPS JSC ("Bukhtarminskaya HPS")	90%
Samruk Green Energy LLP	100%
Ust-Kamenogorskaya HPS JSC and Shulbinskaya HPS JSC (together referred to as "Hydropower companies")	90%
Mangistau Electricity Distribution Company JSC ("MEDC")	78,60%
Moinak HPS JSC ("Moinak HPS")	100%
Stantciya Ekibastuzskaya GRES-2 JSC ("EGRES-2")	50%
Forum Muider BV («Forum Muider»)	50%
Resourceenergougol Ltd.	50%
Bogatyr Komir LLC	50%
Zhambylskaya GRES named after T.I. Baturov JSC ("ZhGRES")	50%
Zhambylskaya GRES named after T.I. Baturov JSC ("ZhGRES")	100%
Tegis Munai LLP	100%
Mangyshlak-Munai LLP	100%
Energiya Semirechiya LLP ("ES")	51%
First Wind Turbine LLP	100%
East-Kazakhstan regional electricity distribution company ("EKREDC")	100%
Shygys Energo Trade LLP ("SET")	100%
Kazhydrotechenergy LLP	100%
Ereymentay Wind Power LLP	100%
New Light Energy LLP	100%

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 and the Law on Competition and the Restriction of Monopolistic Activity (the "Antimonopoly legislation"). The tariffs for electricity sold by the energy producing entities are determined in accordance with the Rules for Determination of Tariff and Approval of Cap and Individual Tariffs approved by the Decree of the Government of the Republic of Kazakhstan dated 10 March 2009, and are subject to confirmation and approval by the Ministry of Industry and New Technologies of the Republic of Kazakhstan ("MINT"). The tariffs for heat and electricity supply, transmission and technical distribution services in the grid are determined in accordance with the Pricing Rules on Regulated Markets approved by the Decree of the Government of the Republic of Kazakhstan dated 3 March 2009, and approved by the Agency of the Republic of Kazakhstan on Regulation of Natural Monopolies ("ARNM").

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: 15A, Kabanbai Batyr Avenue, Astana, Republic of Kazakhstan.

2 Basis of preparation and Significant Accounting Policies

Basis of preparation

The consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014, 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.

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.

3 New Accounting Pronouncements

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

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

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

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

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

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

Listed below are new standards and interpretations that have been published and are mandatory for the Group accounting periods beginning on or after 1 January 2015 and which the Group has not early adopted:

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

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

3 New Accounting Pronouncements (continued)

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

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

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

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

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

Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements consist of changes to seven standards. IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.

IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The Group is currently assessing the impact of the amendments on its financial statements.

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

3 New Accounting Pronouncements (continued)

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

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment is not expected to have any material impact on the Group's financial statements.

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

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The new standard is not expected to have any material impact on the Group's financial statements.

Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The amendment is not expected to have any material impact on the Group's financial statements.

Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not expected to have any material impact on the Group's financial statements.

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

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

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

4 Property, Plant and Equipment

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

In thousands of Kazakhstan Tenge	Buildings and constructions	Machinery and equipment	Other	Construction in progress	Total
Cost at 1 January 2015	176,513,833	523,988,509	13,648,156	87,458,931	801,609,428
Accumulated depreciation and impairment	(29,005,198)	(58,041,896)	(4,035,434)	(121,984)	(91,204,512)
Carrying amount at 1 January 2015	**147,508,635**	**465,946,613**	**9,612,722**	**87,336,947**	**710,404,916**
Additions	3,258	150,768	39,811	18,759,793	18,953,630
Acquisition of subsidiary *	-	-	-	-	-
Transfers	250,885	(182,685)	7,224	(75,424)	-
Depreciation	(2,202,633)	(6,245,094)	(250,217)	-	(8,697,944)
Impairment	-	-	-	-	-
Disposals	(66,062)	(74,287)	(13,725)	-	(154,074)
Transfer (to)/from other assets	-	(6,083)	1,427	2,296,049	2,291,393
Carrying amount at 31 March 2015	**145,494,083**	**459,589,232**	**9,397,242**	**108,317,365**	**722,797,922**
Cost at 31 March 2015	176,701,914	523,876,222	13,682,893	108,439,349	822,700,378
Accumulated depreciation and impairment	(31,207,831)	(64,286,990)	(4,285,651)	(121,984)	(99,902,456)
Carrying amount at 31 March 2015	**145,494,083**	**459,589,232**	**9,397,242**	**108,317,365**	**722,797,922**

As at 31 March 2015 the property, plant and equipment with carrying value of Tenge 4,663,326 thousand (31 December 2014: Tenge 4,648,573 thousand) were pledged as collateral for borrowings received by the Group.

* The fair value of acquired Property, plant and equipment on acquisition of subsidiary represents provisional pending receipts of the valuation for those assets.

5 Intangible Assets

In thousands of Kazakhstan Tenge	Licences	Computer software	Other	Total
Cost at 1 January 2013	132,573	1,390,471	546,457	2,069,501
Accumulated amortisation	(106,914)	(623,791)	(6,170)	(736,875)
Carrying amount at 31 December 2013	**25,659**	**766,680**	**540,287**	**1,332,626**
Additions	95,471	1,075,987	361,904	1,533,362
Amortisation charge	(18,208)	(257,790)	(13,193)	(289,191)
Impairment charge to profit or loss	-	-	(126,254)	(126,254)
Reclassification to disposal group	-	(398,235)	-	(398,235)
Carrying amount at 31 December 2014	**102,922**	**1,186,642**	**762,744**	**2,052,308**
Cost at 31 December 2014	225,134	1,982,943	782,107	2,990,184
Accumulated amortisation	(122,212)	(796,301)	(19,363)	(937,876)
Carrying amount at 31 December 2014	**102,922**	**1,186,642**	**762,744**	**2,052,308**
Additions	-	118,848	-	118,848
Amortisation charge	(18,359)	(74,427)	(93,928)	(186,714)
Impairment charge to profit or loss	-	-	-	-
Reclassification to disposal group	-	-	-	-
Carrying amount at 31 March 2015	**84,563**	**1,231,063**	**668,816**	**1,984,442**
Cost at 31 March 2015	214,940	2,096,289	699,863	3,011,092
Accumulated amortisation	(130,377)	(865,226)	(31,047)	(1,026,650)
Carrying amount 31 March 2015	**84,563**	**1,231,063**	**668,816**	**1,984,442**

6 Exploration assets

The Group acquired a local entity, Tegis Munai LLP, in December 2012 for Tenge 8,904,241 thousand (Tenge 8,464,970 thousand is exploration asset and remaining is cash and prepayments). That entity had no operations. The purpose of the acquisition was to obtain a subsoil use license for a gas field held by that entity. The field is located in the South Kazakhstan region. The license provides a right for exploration works on the field. The acquisition of the entity was accounted for as an acquisition of a group of assets (subsoil use license) rather than a business. The acquired license was included within exploration assets. During first quarter of 2015, the Group conducted exploration activities, including drilling of three exploratory wells and incurred further expenditures to the total amount of Tenge 12,229 thousand (2014: Tenge 2,210,387 thousand).

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.

	Joint ventures				Associate	
In thousands of Kazakhstan Tenge	EGRES-2	Forum Muider	ZhGRES	EGRES-1	BTES	Total
Balance at 1 January 2014	**38,661,671**	**28,344,210**	**-**	**171,237,259**	**4,639,877**	**242,883,017**
Contribution to share capital	-	-	-	-	6,059,620	6,059,620
Share of profit or loss of joint ventures and associates	5,128,944	3,938,881	-	4,032,959	(143,207	12,957,577
Dividend received	(1,500,000)	(6,233,294)	-	-	-	(6,344,901)
Gain from revaluation of previously held interest	-	-	-	56,682,576	-	56,682,576
Business combination	-	-	-	(231,952,794)	-	(231,952,794)
Balance at 31 December 2014	**42,290,615**	**26,049,797**	**-**	**-**	**10,556,290**	**78,896,702**
Contribution to share capital	-	-	-	-	-	-
Share of profit or loss of joint ventures and associates	358,912	1,553,682	-	-	(11,431)	1,901,163
Dividend received	-	(2,591,794)	-	-	-	(2,591,794)
Balance at 31 March 2015	**42,649,527**	**25,011,685**	**-**	**-**	**10,554,859**	**78,206,071**

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.
- ZhGRES– 50%. Remaining 50% interest is owned by Tarazenergo-2005 LLP. Group's share in ZhGRES was fully impaired.

The Group has interest in the following associate: Balkhashskaya TES (25% plus one share): an entity incorporated in the Republic of Kazakhstan, established by the Group in 2008 for construction of Balkhash thermal power station.

7 Investments in Joint Ventures and Associates (continued)

Presented below is summarised financial information of joint ventures and associate at 31 March 2015 and 31 December 2014, and for the periods ended 31 March 2015 and 31 March 2014:

	EGRES-2		Forum Muider		ZhGRES		BTES	
In thousands of Kazakhstan Tenge	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Total current assets	11,250,395	10,632,931	19,381,868	16,328,274	4,301,254	7,826,956	6,537,530	20,967,915
Total non-current assets	144,218,971	145,570,529	71,165,168	66,535,959	3,219,045	3,226,591	36,833,965	22,110,034
Total current liabilities	10,018,459	10,766,604	30,143,188	19,955,908	4,776,357	7,692,635	1,192,059	852,789
Total non-current liabilities	60,151,853	60,855,626	10,380,478	10,808,731	360,300	360,300	-	-
Net assets	**85,299,054**	**84,581,230**	**50,023,370**	**52,099,594**	**2,383,642**	**3,000,612**	**42,179,436**	**42,225,160**
	31 March 2015	**31 March 2014**	**31 March 2015**	**31 March 2014**	**31 March 2015**	**31 March 2014**	**31 March 2015**	**31 March 2014**
Revenue	6,839,658	12,471,406	20,324,530	23,126,379	-	-	-	-
Governmental subsidies	-	-	-	-	-	-	-	-
Profit or loss before tax	**1,692,824**	**37,781**	**3,905,131**	**3,771,531**	-	-	**(43,761)**	**(417,238)**
Total comprehensive income/(loss)	**717,824**	**(503,510)**	**3,107,364**	**2,911,526**	-	-	**(45,725)**	**(418,691)**

The only reconciling difference between the above amounts and the carrying amount of the investments in associates and joint ventures is elimination of the ownership interest by the other investors in the associates and joint ventures.

8 Other Non-Current Assets

In thousands of Kazakhstan Tenge	31 March 2015	31 December 2014
Prepayments for non-current assets	11,229,404	12,157,253
Bonds	3,933,000	3,867,000
Non-current VAT recoverable	2,095,069	1,738,069
Restricted cash	517,138	524,586
Long-term deposits	320,548	320,537
Other	83,572	57,759
Total other non-current assets	**18,178,731**	**18,665,204**

9 Inventories

In thousands of Kazakhstan Tenge	31 March 2015	31 December 2014
Auxiliary production materials	6,804,896	6,993,488
Fuel	4,611,035	5,035,481
Spare parts	3,186,435	1,283,914
Raw materials	12,196	13,254
Other materials	703,569	597,952
Less: provision for write down to net realisable value and provision for slow-moving and obsolete inventories	(1,783,377)	(1,889,042)
Total inventories	**13,534,754**	**12,035,047**

Significant increase in provision relates to slow-moving inventories of EGRES-1.

In thousands of Kazakhstan Tenge	31 March 2015	31 December 2014
Provision, 1 January	1,889,042	884,065
Provision charged/(reversed)	(105,593)	862,654
Acquisition through business combination	-	148,028
Inventories written off during the year	(72)	(5,705)
Provision for impairment at 31 March	**1,783,377**	**1,889,042**

10 Trade and other receivables

In thousands of Kazakhstan Tenge	31 March 2015	31 December 2014
Trade receivables	15,328,155	11,992,719
Less: impairment provision	(311,296)	(290,812)
Other receivables	3,967,804	3,749,485
Less: impairment provision	(3,826,787)	(3,724,888)
Total trade and other receivables	**15,157,876**	**11,726,504**

Presented below is movement in the Group's provision for impairment of financial receivables:

In thousands of Kazakhstan Tenge	31 March 2015	31 December 2014
Provision for impairment at 1 January	290,812	839,997
Provision for impairment charged during the year	20,943	57,371
Discontinued operations	-	(515,056)
Reversal of provision during the year	-	-
Amounts written off during the year as uncollectible	(459)	(91,500)
Provision for impairment at 31 December	**311,296**	**290,812**

Presented below is the analysis of financial assets by credit quality:

In thousands of Kazakhstan Tenge	31 March 2015	31 December 2014
Current and not impaired	7,638,236	8,620,901
Total current and not impaired	**7,638,236**	**8,620,901**
Past due but not impaired		
- up to 30 days overdue	4,432,934	1,998,609
- 30 to 90 days overdue	2,825,832	989,577
- 90 to 120 days overdue	77,376	50,810
- more than 120 days overdue	42,481	42,010
Total past due but not impaired	**7,378,623**	**3,081,006**

11 Other Current Assets

In thousands of Kazakhstan Tenge	31 March 2015	31 December 2014
Term deposits	20,809,211	26,202,745
VAT recoverable and prepaid taxes	5,181,146	7,163,496
Restricted cash denominated in USD	3,244,903	4,257,052
Advances to suppliers	2,803,718	2,083,758
Dividends receivable	3,376,163	2,252,360
Short-term loans to related parties	12,342	12,613
Other	511,686	466,968
Total other current assets	**35,939,169**	**42,438,992**

12 Cash and Cash Equivalents

In thousands of Kazakhstan Tenge	**31 March 2015**	**31 December 2014**
Cash at current bank accounts	13,743,923	13,174,465
Demand deposits	5,531,433	7,406,688
Cash on hand	21,862	10,902
Total cash and cash equivalents	**19,297,218**	**20,592,055**

Term deposits and current 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:

In thousands of Kazakhstan Tenge	**31 March 2015**	**31 December 2014**
Kazakhstan Tenge	13,122,186	11,511,220
US Dollar	6,125,538	9,022,216
Other currencies	49,494	58,619
Total cash and cash equivalents	**19,297,218**	**20,592,055**

13 Non-current Trade and Other Payables

In thousands of Kazakhstan Tenge	**31 March 2015**	**31 December 2014**
Deferred income		
- AZhC	3,284,331	3,284,331
- MEDC	-	-
Trade payables on construction of Moinak HPS	2,134,447	2,096,507
Trade payables on construction of MEDC	644,449	-
Trade payables	761	770,416
Payables on preferred shares of subsidiaries and associates	314,607	309,014
Other payables	40,355	40,355
Total trade and other payables	**6,418,950**	**6,500,623**

Deferred income represents the difference between the nominal value of loans from consumers of AzhC and MEDC on the construction of power lines and infrastructure to connect to the transmission network or reconstruction of existing power lines and infrastructure, and their fair value on initial recognition. Deferred income is subsequently recognized in profit and loss over the useful life of fixed assets.

13 Non-current Trade and Other Payables (continued)

Presented below is movement in deferred income:

In thousands of Kazakhstan Tenge	AzhC	MEDC	Total
Carrying value at 1 January 2014	3,793,578	1,664,159	5,457,737
Reclassification to disposal group	-	(1,664,159)	(1,664,159)
Changes in the carrying value of loans from consumers charged to deferred income	(129,889)	-	(129,889)
Revenue recognition	(379,358)	-	(379,358)
Carrying value at 31 December 2014	**3,284,331**	**-**	**3,284,331**
Балансовая стоимость на 1 января 2015г.	3,284,331	-	3,284,331
Reclassification to disposal group	-	-	-
Changes in the carrying value of loans from consumers charged to deferred income	-	-	-
Revenue recognition	-	-	-
Carrying value at 31 March 2015	**3,284,331**	**-**	**3,284,331**

14 Current Trade and Other Payables

In thousands of Kazakhstan Tenge	31 March 2015	31 December 2014
Trade payables	12,890,373	19,027,548
Payable to Almaty Akimat	6,841,513	6,841,513
Dividends payable	620,564	620,970
Other financial payables	6,092,269	1,245,002
Total financial payables	**26,444,719**	**27,735,033**
Advances received from suppliers and contractors	2,519,682	5,167,532
Salaries payable	967,733	911,741
Accrued provisions for unused vacations	1,128,110	976,899
Other payables	1,599,090	1,447,972
Total current trade and other payables	**32,659,334**	**36,239,177**

15 Equity

Share Capital

	Number of authorised and issued shares	Value per share, Tenge	Share Capital, (thousands of Tenge)
Balance at 31 December 2014	**5,585,437**		**355,364,386**
Issued and placed shares	-	-	-
Balance at 31 March 2015	**5,585,437**		**355,364,386**

16 Borrowings

In thousands of Kazakhstan Tenge	31 March 2015	31 December 2014
Non-current portion	282,460,935	280,326,306
Current portion	39,651,256	38,840,232
Total borrowings	**322,112,191**	**319,166,538**

17 Book value per common share

Book value per common share is calculated using the formula:

$$BV_{CS} = NAV / NOCS, \text{ где}$$

BVCS – book value per common share on the settlement date;

NAV – net asset value on the settlement date;

NOCS – number of outstanding common shares on the settlement date.

BV_{CS}(31 December 2014) =490,997,143/5,585,437=87,907 Tenge

BV_{CS}(31 March 2015) =501,675,271/5,585,437=89,818 Tenge

Net assets for the common share is calculated using the formula:

$$NAV = (TA - IA) - TL - PS, \text{ where}$$

TA – total assets of the issuer in the financial statements on the date of calculation;

IA – intangible assets of the issuer in the financial statements on the date of calculation;

TL – total liabilities of the issuer in the financial statements on the date of calculation;

PS – preferred stock account balance in the statement of financial position on the date of calculation.

NAV(31 December 2014) = (954,409,397-2,052,308)-461,359,946=490,997,143 thousands of Tenge

NAV(31 March 2015) = (963,318,980-1,984,442)-459,659,267=501,675,271 thousands of Tenge

18 Revenue

Revenue from the sale of products and provision of services for the 1st quarter of 2015 comprise 52,775,509 thousands of Tenge.

In thousands of Kazakhstan Tenge	**First quarter 2015**	**First quarter 2014**
Sale of electricity and heat energy	51,414,340	41,559,702
Electricity transmission	331,490	3,138,835
Other	1,029,679	970,880
Total revenue	**52,775,509**	**45,669,417**

19 Cost of sales

During the reporting period the cost of goods sold and services rendered comprised 33,546,388 thousands of Tenge.

In thousands of Kazakhstan Tenge	**First quarter 2015**	**First quarter 2014**
Fuel	13,182,915	18,748,454
Depreciation of property, plant and equipment and amortisation of intangible assets	8,448,229	3,444,191
Payroll and related expenses	4,808,739	4,941,199
Services of industrial nature	3,746,136	3,206,713
Licenses, permits, fees and others	789,611	307,511
Materials	623,396	584,234
Repairing and maintenance	483,996	22,388
Electricity losses on transmission	26,569	1,331,811
Other	1,436,797	1,303,365
Total cost of sales	**33,546,388**	**33,889,866**

20 General and Administrative Expenses

In thousands of Kazakhstan Tenge	**First quarter 2015**	**First quarter 2014**
Payroll and related expenses	1,278,066	1,201,063
Depreciation of property, plant and equipment and amortisation of intangible assets	305,870	157,970
Materials	85,850	40,800
Taxes other than on income	82,443	92,996
Third party services	82,127	32,212
Insurance	67,961	15,293
Consulting and other professional services	62,628	169,853
Security services	56,652	13,163
Business trips and representative expenses	49,239	52,497
Other	782,288	750,835
Total general and administrative expenses	**2,853,124**	**2,526,682**

21 Finance Income

In thousands of Kazakhstan Tenge	First quarter 2015	First quarter 2014
Interest income on bank deposits	521,362	711,439
Foreign exchange gains less losses	-	5,934,111
Other	48,857	59,095
Total finance income	**570,219**	**6,704,645**

22 Finance Costs

In thousands of Kazakhstan Tenge	First quarter 2015	First quarter 2014
Interest expense on borrowings	4,346,156	5,249,846
Foreign exchange losses less gains	1,711,321	-
Dividends on preference shares of subsidiaries		-
Other	59,925	34,729
Total finance costs	**6,117,402**	**5,284,575**

23 Earnings per Share

For the purposes of these consolidated interim financial statements the earnings per share is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of outstanding ordinary shares during the period.

In thousands of Kazakhstan Tenge	First quarter 2015	First quarter 2014
Profit/(loss) for the period attributable to equity shareholders of the Group	10,410,019	17,597,663
Weighted average number of ordinary shares	5,585,437	5,470,437
Basic and diluted earnings/(losses) per share, Tenge	**1,864**	**3,217**

Kairat B. Maxutov
Deputy Chairman of Management Board

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