

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

1. GENERAL INFORMATION

Kazakhstan Electricity Grid Operating Company JSC (“the Company” or “KEGOC”) was established in accordance with the Government Resolution No. 1188 dated 28 September 1996 by transferring of some assets of the former National Energy System “Kazakhstanenergo”.

As on 31 March 2020 the Company’s major shareholder is “Samruk-Kazyna” Sovereign Wealth Fund JSC (“Samruk-Kazyna”) (90 percent plus one share). Samruk-Kazyna is controlled by the Government of the Republic of Kazakhstan.

In 2014 the Company placed 10 percent minus one share on the Kazakhstan Stock Exchange.

KEGOC is a national company rendering the services of electricity transmission, technical dispatching, and electricity generation-consumption balancing in Kazakhstan. As the state-appointed system operator, the Company provides centralized dispatching control, ensures parallel work with energy systems of other countries, maintains the balance in energy system, provides system services and acquires auxiliary services from wholesale entities at energy market, as well as transmits electricity through national power grid (the “NPG”), ensures its technical support and maintenance. The NPG consists of substations, switchgear devices, interregional and/or international power transmission lines which provide the output of electricity of electrical stations with the voltage of 220 kV and more.

As on 31 March 2020 and 31 December 2019, the Company had stakes in the following subsidiaries:

| Company | Activity | Ownership share | |
|--|--|-----------------|------------------|
| | | 31 March 2020 | 31 December 2019 |
| Energoinform JSC | Maintenance of the KEGOC’s IT system | 100% | 100% |
| Financial Settlement Centre for Renewable Energy Sources Support LLP | Centralized purchase and sale of renewable electricity that is supplied to the networks of the unified power system of Kazakhstan; purchase of services for maintaining availability of electric capacity and centralized delivery of service associated with maintaining readiness of electric capacity to bear the load in the electric capacity market. | 100% | 100% |

The Company and its subsidiaries are hereinafter collectively referred to as “the Group”.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

1. GENERAL INFORMATION (continued)

For management purposes, the Group's activities are organized into business units based on their services, and has three reportable operating segments, as follows (Note 5):

- *Electricity transmission services and related support.* Electricity transmission is regulated by the Law of the Republic of Kazakhstan dated 27 December 2018 No. 204VI On Natural Monopolies and Regulated Markets ('the Law') as the Group is a natural monopolist in electricity transmission, technical dispatch and electricity production-consumption balancing services. According to the Law, the Group's electricity transmission, technical dispatch and electricity production-consumption tariffs shall be approved by the Committee of the Republic of Kazakhstan for the Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy ("the Committee").
- *Maintaining readiness of electric capacity to bear the load.* The electricity capacity market has been in operation in Kazakhstan since 1 January 2019, and has the main purpose to maintain adequacy of the power system of the Republic of Kazakhstan. The power system adequacy is the ability to meet consumers' demand for electricity at any given time.
- *Sale of purchased electricity.* The sale of purchased electricity segment includes the renewable energy sector ("RES") created by the Government of the Republic of Kazakhstan in order to create favourable conditions for the development of the RES. The RES sector is regulated by the Law of the Republic of Kazakhstan *On Supporting the Use of Renewable Energy Sources* No. 165-IV dated 4 July 2009.

The Company's head office is registered at: 59 Tauyelsizdik Ave., Nur-Sultan, Z002T2D0, the Republic of Kazakhstan.

The attached interim condensed consolidated financial statements were signed by the Managing Director for Finance and Accounting and the Chief Accountant on 14 May 2020.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IAS) 34 *Interim Financial Statements* as issued by the International Accounting Standards Board ("IASB").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019.

These interim condensed consolidated financial statements are presented in tenge and all values are rounded to the nearest thousand unless otherwise stated.

Exchange rates

Exchange rates for foreign currencies in which the Group had significant transactions are represented as follows:

| <i>Exchange rate as at the end of the period (to Tenge)</i> | 31 March 2020 | 31 December 2019 |
|--|--------------------------|---------------------|
| 1 USD | 448.01 | 381.18 |
| 1 EUR | 495.86 | 426.85 |
| 1 RUB | 5.64 | 6.17 |
| | | |
| <i>Average exchange rate for the three months (to Tenge)</i> | 2020 | 2019 |
| 1 USD | 389.56 | 377.73 |
| 1 EUR | 429.88 | 429.13 |
| 1 RUB | 5.89 | 5.72 |
| | | |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments to the existing standards and interpretations

The Group applied IFRS 16 Leases for the first time in 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group used IFRS 16 modified retrospective method for the first time on 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also opted to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

These amendments did not affect the consolidated financial statements of the Group (*Note 4*).

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes*. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments to the existing standards and interpretations (continued)

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 *Investments in Associates and Joint Ventures*.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments to the existing standards and interpretations (continued)

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (continued)

These amendments had no impact on the consolidated financial statements as the Group applies equity method of accounting for its investments at associate.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. Information on the effect of the application of amendments to IAS 23 is disclosed in *Note 16*.

3.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) New standards, interpretations and amendments (continued)

These amendments had no impact on the consolidated financial statements of the Group as it had no such transactions in the presented periods.

IFRS 11 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

4. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES PAID FOR NON-CURRENT ASSETS

During the three months ended 31 March 2020 the Group acquired assets with a total initial value of KZT 1,476,414 thousand (for the three months ended 31 March 2019: KZT 2,653,368 thousand). The acquisitions were mainly represented by capital expenditures for 'Rehabilitation of 220–500 kV OHTLs in MES branches' project.

Depreciation accrued for the three months ended on 31 March 2020 amounted to KZT 8,240,649 thousand (for the nine months ended 31 March 2019: KZT 8,251,713 thousand).

Advances paid for non-current assets

As on 31 March 2020 and 31 December 2019 the advances paid for non-current assets are mainly the advances paid to suppliers of construction works and services related to 'Rehabilitation of 220–500 kV OHTLs in MES branches' project.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

5. INVENTORIES

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|--|------------------|---------------------|
| Raw and other materials | 1,451,644 | 1,319,421 |
| Spare parts | 1,043,632 | 848,899 |
| Fuel and lubricants | 74,065 | 90,399 |
| Other inventories | 187,009 | 188,556 |
| Less: allowance for obsolete inventories | (341,292) | (313,118) |
| | 2,415,058 | 2,134,157 |

Movement in the allowance for obsolete inventories was as follows:

| <i>In thousands of tenge</i> | 2020 | 2019 |
|---------------------------------|----------------|------------------|
| As on 1 January | 313,118 | 246,046 |
| Charge for the period (Note 18) | 47,248 | 2,960 |
| Reversal (Note 18) | (19,074) | (401,710) |
| Write-off | - | (10,888) |
| 31 March | 341,292 | (163,592) |

6. TRADE ACCOUNTS RECEIVABLE

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|--|-------------------|---------------------|
| Trade accounts receivable | 37,872,148 | 24,006,143 |
| Less: provision for expected credit losses | (2,485,416) | (2,104,309) |
| | 35,386,732 | 21,901,834 |

The movements in the allowance for doubtful debts were as follows:

| <i>In thousands of tenge</i> | 2020 | 2019 |
|------------------------------|------------------|------------------|
| As on 1 January | 2,104,309 | 2,024,770 |
| Charge for the period | 639,181 | 225,850 |
| Reversal | (258,04) | (252,360) |
| Written off | - | - |
| 31 March | 2,485,416 | 1,998,260 |

As at 31 March 2020 trade accounts receivable included accounts receivable from the customer, Uzbekenergo JSC, in the amount of KZT 1,753,901 thousand (31 December 2019: KZT 1,472,045 thousand).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

6. TRADE ACCOUNTS RECEIVABLE (CONTINUED)

As at 31 March 2020, allowance for debts from Uzbekenergo JSC amounted to KZT 1,559,011 thousand (31 December 2019: KZT 1,332,370 thousand).

Trade accounts receivable was denominated in the following currencies:

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|------------------------------|-------------------|---------------------|
| KZT | 34,525,231 | 20,907,577 |
| RUB | 666,610 | 931,182 |
| USD | 194,891 | 63,075 |
| | 35,386,732 | 21,901,834 |

7. OTHER FINANCIAL ASSETS

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|--|-------------------|---------------------|
| Financial assets at amortised cost | | |
| Bank deposits | 26,458,409 | 19,194,586 |
| Bonds of Samruk-Kazyna | 25,927,008 | 25,886,318 |
| Notes of the National Bank of the Republic of Kazakhstan | 3,952,466 | - |
| Placements with Eximbank Kazakhstan | 2,811,205 | 2,865,652 |
| Eurobonds of the Ministry of Finance of the Republic of Kazakhstan | 1,942,658 | 1,663,184 |
| Placements with KazInvestBank JSC | 1,225,421 | 1,239,455 |
| Placements with DeltaBank JSC | 1,230,000 | 1,230,000 |
| Interest accrued on Samruk-Kazyna bonds | 108,029 | 463,667 |
| Interest accrued on Eurobonds of the Ministry of Finance of the Republic of Kazakhstan | 37,874 | 13,304 |
| Less: provision for impairment of placements with Eximbank Kazakhstan | (2,811,205) | (2,865,652) |
| Less: provision for impairment of placements with Kazinvestbank JSC | (1,225,421) | (1,239,455) |
| Less: provision for impairment of placements with DeltaBank JSC | (1,230,000) | (1,230,000) |
| Less: provision for expected credit losses | (304,028) | (297,167) |
| | 58,122,416 | 46,923,892 |
| Financial assets at fair value through profit or loss | | |
| Bonds of Special Financial Company DSFK | 285,922 | 288,613 |
| | 285,922 | 288,613 |
| Total other financial assets | 58,408,338 | 47,212,505 |
| Other current financial assets | 56,179,796 | 45,260,710 |
| Other non-current financial assets | 2,228,542 | 1,951,795 |
| Total other financial assets | 58,408,338 | 47,212,505 |

Movement in the provision for impairment of other financial assets are as follows:

| <i>In thousands of tenge</i> | 2020 | 2019 |
|------------------------------|------------------|------------------|
| As on 1 January | 5,632,274 | 5,600,216 |
| Charge for the period | 129,949 | 86,769 |
| Reversal | (191,569) | (112,817) |
| 31 March | 5,570,654 | 5,574,168 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. OTHER FINANCIAL ASSETS (continued)

Bonds of Samruk-Kazyna

During May-June 2018, the Group acquired coupon bonds of Samruk-Kazyna SWF JSC with nominal value of KZT 26,000,000 thousand at cost lower than the face value and to the total amount of KZT 25,159,831 thousand at Kazakhstan Stock Exchange JSC. The bonds matured on 13 March 2020. During March 2020, the bonds were fully repaid.

On 30 March 2020, the Group acquired 25,927,008 coupon bonds of Samruk-Kazyna SWF JSC at nominal value of 1,000 KZT on Kazakhstan Stock Exchange JSC. The bonds mature on 19 April 2021.

Bonds of Special Financial Company DSFK LLP

During the period ended 31 March 2020, Special Financial Company DSFK LLP redeemed bonds amounting to KZT 11,330 thousand.

As at 31 March 2020, the Group reassessed the fair value of the bonds and increased their carrying amount to KZT 285,884 thousand, recognizing gain from revaluation of financial instruments in the amount of KZT 8,603 thousand as finance income in the consolidated statement of comprehensive income.

Deposits

As at 31 March 2020 and 31 December 2019 the deposits include accrued interest income in the amount of KZT 58,992 thousand and KZT 16,284 thousand, respectively.

Placements with Eximbank Kazakhstan JSC

As at 31 December 2017, the Group's deposits in Eximbank Kazakhstan (hereinafter referred to as "Eximbank") amounted to 8,000 thousand dollars (equivalent to KZT 2,658,640 thousand). According to the contract, the deposit term expired in November 2017. The deposit was not returned by Eximbank to the Group. As a result of negotiations with Eximbank representatives and the analysis conducted, the Group management concluded that the placements are fully recoverable and will be returned within one year. In this regard, as at 31 December 2017, the Group assessed the impact of the temporary factor and recognized a discount of KZT 150,489 thousand. In this regard, as at 31 December 2017, the Group assessed the impact of the temporary factor and recognized a discount of KZT 150,489 thousand. OTHER FINANCIAL ASSETS (continued) Placements with Eximbank Kazakhstan JSC (continued)

On 27 August 2018, based on the resolution of the Board of the National Bank of the Republic of Kazakhstan a decision was made to revoke the license of Eximbank for accepting deposits and opening bank accounts for individuals. In this regard, the Group reclassified cash and cash equivalents held in Eximbank within other financial assets and accrued a provision of 100%, which amounts to KZT 2,930,115 thousand.

On 7 February 2020, the Liquidation Commission of Eximbank Kazakhstan JSC made a payment in the amount of USD 149,96 thousand (equivalent to KZT 56,839 thousand on the date of payment), according to the approved register of creditors' claims dated 13 June 2019. The Group recognized the related reversal of impairment allowance.

Notes of the National Bank of the Republic of Kazakhstan

On 12 February 2020, the Group acquired 40,000 discount notes of the National Bank of the Republic of Kazakhstan at cost lower than the face value and to the total amount of KZT 3,903,876 thousand at the auction of the National Bank of the Republic of Kazakhstan. The notes of the National Bank of the Republic of Kazakhstan matured on 15 May 2020. The finance income recognized in the reporting period amounted to KZT 48,590 thousand.

Eurobonds of the Ministry of Finance of the Republic of Kazakhstan

On 26 April 2019, the Group acquired 4,200,000 Eurobonds of the Ministry of Finance of the Republic of Kazakhstan with the interest rate of 3.875% per annum and maturity until October 2024 at a price higher than the face value and to the total amount of USD 4,368 thousand (equivalent of KZT 1,656,739 thousand).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

7. OTHER FINANCIAL ASSETS (continued)

Other financial assets were denominated in the following currencies:

| <i>In thousands of tenge</i> | Interest rate | 31 March 2020 | 31 December 2019 |
|------------------------------|----------------------|--------------------------|-----------------------------|
| KZT | 9-12.7% | 28,596,571 | 26,899,100 |
| USD | 0.3-1.5% | 29,811,767 | 20,313,405 |
| | | 58,408,338 | 47,212,505 |

8. RESTRICTED CASH

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|--|--------------------------|-----------------------------|
| Cash on debt service accounts | 1,962,723 | 1,057,574 |
| Cash reserved for return as contractors' collaterals | 198,962 | 292,786 |
| Cash on reserve accounts | – | 2,932,192 |
| Less: provision for expected credit losses | (1,192) | (8,467) |
| | 2,160,493 | 4,274,085 |

As on 31 March 2020 and 31 December 2019 the restricted cash are mainly represented by cash held on a debt service accounts.

According to the terms of the loan agreements with IBRD and EBRD, the Group's creditors, the Group accumulates cash on a special debt service bank account opened with Kazakhstan bank during the semi-annual period preceding the scheduled date of payment of principal, interest and commission fees related to the IBRD and EBRD loans.

In accordance with the terms of the guarantee agreements with the Government of the Republic of Kazakhstan, the guarantor of the Group's loans (*Note 11*), the Group is obliged to hold cash on a special reserve account opened in a Kazakhstan bank. The Group is obliged to reserve cash for at least 110% of the upcoming semi-annual payment of principal, interest and commission fees of the IBRD loans.

In December 2019, the final payment was made on IBRD loan (loan agreement 4526-KZ dated 21 December 1999), raised as a part of Kazakhstan Electricity Transmission Rehabilitation Project. A confirmation letter on the full delivery of obligations to the IBRD was received in January 2020, after which cash in the amount of KZT 2,932,192 thousand was transferred to the current account to cash and cash equivalents.

The movement in impairment provision for restricted cash was as follows:

| <i>In thousands of tenge</i> | 2020 | 2019 |
|------------------------------|----------------|---------------|
| As on 1 January | 8,467 | 46,480 |
| Accrual for the period | 425 | 15,751 |
| Reversal | (7,700) | (4,760) |
| 31 March | 1,192 | 57,471 |

As on 31 March 2020 and 31 December 2019, the restricted cash taking into account the funds planned to be repaid were denominated in the following currencies:

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|------------------------------|--------------------------|-----------------------------|
| USD | 1,961,798 | 3,981,663 |
| KZT | 198,695 | 292,422 |
| | 2,160,493 | 4,274,085 |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

9. CASH AND CASH EQUIVALENTS

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|--|-------------------|------------------|
| Short-term deposits, in KZT | 21,528,625 | 17,795,817 |
| Current accounts with banks, in KZT | 13,929,988 | 3,136,231 |
| Current accounts with banks, in foreign currencies | 106,187 | 263,712 |
| Cash on hand | 2,583 | 2,672 |
| Cash on special accounts | 793 | 86 |
| Less: provision for expected credit losses | (13,345) | (19,236) |
| | 35,554,831 | 21,179,282 |

As on 31 March 2020 the Group had short-term deposits with banks at 1-12.7% per annum (2019: 7-9% per annum).

The movement in cash and equivalents was as follows:

| <i>In thousands of tenge</i> | 2020 | 2019 |
|------------------------------|-----------------|--------|
| As on 1 January | 19,236 | 9,096 |
| Accrual for the period | 4,501 | 6,943 |
| Reversal | (10,392) | - |
| 31 March | 13,345 | 16,039 |

As on 31 March 2020 and 31 December 2019, cash and cash equivalents were denominated in the following currencies:

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|------------------------------|-------------------|------------------|
| KZT | 35,448,733 | 20,915,735 |
| RUB | 62,403 | 4,278 |
| USD | 43,336 | 258,492 |
| EUR | - | 450 |
| Other | 359 | 327 |
| | 35,554,831 | 21,179,282 |

10. EQUITY

As on 31 March 2020 and 31 December 2019 share capital of the Group comprised of 260,000,000 shares for the total amount of KZT 126,799,554 thousand that were issued and fully paid.

Treasury shares

In November 2016 the Group repurchased 1,390 of floating shares for the total amount of KZT 930 thousand.

Earnings per share

Basic and diluted earnings per share are calculated by dividing net profit for the period by the weighted average number of common shares outstanding during the period. The weighted average number of floating common shares of the Group in the three-month period ended on 31 March 2020 was 259,998,610 shares (three-month period ended 31 March 2019: 259,998,610 shares). For the three-month period ended 31 March 2020 and 2019 the basic and diluted earnings per share were KZT 49.09 and KZT 51.56, respectively.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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10. EQUITY (CONTINUED)

Book value per share

In accordance with the decision of the Exchange Board of the Kazakhstan Stock Exchange JSC (“KASE”) dated 4 October 2010 financial statements shall disclose book value per share (ordinary and preferred) as of the reporting date, calculated in accordance with the KASE rules.

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|---|----------------------|---------------------|
| Total assets | 792,029,620 | 756,987,721 |
| Less: intangible assets | (1,588,367) | (1,411,900) |
| Less: total liabilities | (297,427,241) | (275,149,697) |
| Net assets | 493,014,012 | 480,426,124 |
| Number of ordinary shares | 260,000,000 | 260,000,000 |
| Book value per ordinary share, KZT | 1,896 | 1,848 |

Asset revaluation reserve

Asset revaluation reserve is represented by revaluation surplus recognized as a result of revaluation of Group’s National Power Grid (NPG) assets as on 1 October 2018 (previous revaluation was held as at 1 June 2014) Transfer of asset revaluation surplus into retained earnings, upon disposal of PPE and transfer of NPG assets into other classes of PPE, for the three-month period ended 31 March 2020 amounted to KZT 137,445 thousand (for the three-month period ended 31 March 2019: KZT 16,424 thousand).

11. BORROWINGS

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|--|---------------------|---------------------|
| The International Bank for Reconstruction and Development (IBRD) | 50,302,538 | 44,314,813 |
| The European Bank for Reconstruction and Development (EBRD) | 21,232,502 | 18,694,174 |
| | 71,535,040 | 63,008,987 |
| Less: current portion of loans repayable within 12 months | (10,868,426) | (6,083,377) |
| | 60,666,614 | 56,925,610 |

Loans were denominated in the following currencies:

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|------------------------------|-------------------|---------------------|
| USD | 50,302,538 | 44,314,813 |
| EUR | 21,232,502 | 18,694,174 |
| | 71,535,040 | 63,008,987 |

During the three-month period ended 31 March 2020, the Group repaid the outstanding loan debt in the amount of KZT 1,114,797 thousand (KZT 1,096,781 thousand during the three-month period ended 31 March 2019), as well as payment accrued interest in the amount of KZT 880 785 thousand (KZT 1,016,003 thousand during the nine months ended 31 March 2019). Also, as a result of changes in the FX rate of the KZT against the USD dollar and EUR, the balance of loans and accrued interest increased by KZT 8,526,053 thousand during the three-month period ended 31 March 2020 (during the three-month period ended 31 March 2019 it increased by KZT 2,642,146 thousand).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

12. BONDS

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|---|-------------------|---------------------|
| Face value of bonds issued | 83,800,000 | 83,800,000 |
| Accrued coupon interest | 5,627,094 | 3,645,344 |
| Less: discount on issued bonds | (84,306) | (86,190) |
| Less: transaction costs | (41,748) | (42,626) |
| | 89,301,040 | 87,316,528 |
| Less: current portion of bonds repayable within 12 months | (5,627,094) | (3,645,344) |
| | 83,673,946 | 83,671,184 |

Under the State Program “Nurly Zhol” the Group placed two tranches of coupon bonds on “Kazakhstan Stock Exchange” JSC in order to finance the projects “Construction of 500 kW line Semey – Aktogay – Taldykorgan – Alma”:

- (a) During the period from June to August 2016 the Group issued coupon bonds with nominal amount of KZT 47,500,000 thousand under floating interest rate equal to the inflation rate in Republic of Kazakhstan plus 2.9% with the maturity in 2031 (the minimum rate of the consumer price index is set at 5%). The coupon rate for the first coupon period from 26 May 2017 to 26 May 2018 is 10.6% per annum. The coupon rate for the third coupon period from 26 May 2018 to 26 May 2019 is 9.5% per annum.

All the bonds under this tranche were purchased by the Unified National Pension Fund.

Bonds were issued with discount of KZT 111,945 thousand.

- (b) In August 2017, the Group placed the second tranche of coupon bonds amounting to KZT 36,300,000 thousand with a fixed rate of 11.5%.

The received cash was temporarily placed on short-term bank deposits.

All bonds under this program were acquired by United Pension Saving Fund and other entities.

13. TRADE AND OTHER ACCOUNTS PAYABLE

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|---|-------------------|---------------------|
| Short-term trade payables and other accounts payable | | |
| Accounts payable for electricity purchased | 15,645,292 | 10,277,750 |
| Accounts payable for inventories, works and services | 16,865,606 | 7,844,832 |
| Accounts payable for property, plant and equipment and construction in progress | 849,341 | 5,266,900 |
| | 33,360,239 | 23,389,482 |

As at 31 March 2020 and 31 December 2019 trade and other accounts payable were denominated in the following currencies:

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|------------------------------|-------------------|---------------------|
| KZT | 32,738,348 | 22,386,569 |
| RUB | 577,364 | 938,700 |
| USD | 44,527 | 41,320 |
| EUR | - | 22,893 |
| | 33,360,239 | 23,389,482 |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

14. TAXES PAYABLE OTHER THAN INCOME TAX

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|------------------------------|------------------|---------------------|
| VAT payable | 3,761,329 | 2,391,947 |
| Individual income tax | 225,571 | 345,742 |
| Pension fund liabilities | 193,884 | 284,573 |
| Social tax | 157,371 | 244,406 |
| Property tax | 88,722 | 82,635 |
| Social contribution payable | 18 | 1,599 |
| Other | 28,265 | 20,442 |
| | 4,455,160 | 3,371,344 |

15. OTHER CURRENT LIABILITIES

| <i>In thousands of tenge</i> | 31 March 2020 | 31 December 2019 |
|------------------------------|------------------|---------------------|
| Due to employees | 3,300,796 | 3,662,535 |
| Other | 518,103 | 321,065 |
| | 3,818,899 | 3,983,600 |

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

| <i>In thousands of tenge</i> | For the three months ended | |
|---|----------------------------|-------------------|
| | 31 March 2020 | 31 March 2019 |
| Types of goods or services | | |
| Electricity transmission | 31,660,110 | 27,019,931 |
| Revenue from the sale of services associated with maintaining readiness of the electric capacity to bear the load | 21,594,473 | 16,791,199 |
| Revenue from sale of the purchased electricity | 15,116,247 | 6,856,374 |
| Technical dispatching services | 8,162,887 | 6,003,934 |
| Electricity generation and consumption balancing services | 5,074,851 | 4,329,594 |
| Revenues from sale of electricity to compensate for hourly unscheduled deviations | 1,206,048 | 1,375,956 |
| Power regulation services | 284,209 | 348,446 |
| Other | 551,497 | 380,815 |
| | 83,650,322 | 63,106,249 |
| Geographical regions | | |
| Kazakhstan | 79,386,223 | 58,962,377 |
| Russian Federation | 3,977,270 | 3,787,488 |
| Uzbekistan | 284,209 | 348,446 |
| Kyrgyzstan | 2,620 | 7,938 |
| Total revenue from contracts with customers | 83,650,322 | 63,106,249 |
| Revenue recognition timeline | | |
| The goods are transferred at a certain point in time | 16,322,295 | 8,232,330 |
| The services are provided over a period of time | 67,328,027 | 54,873,919 |
| Total revenue from contracts with customers | 83,650,322 | 63,106,249 |

For the three-month period ended on 31 March 2020, revenue per one customer, Samruk-Energo Group, amounted to KZT 13,691,204 thousand (for the three-month period ended on 31 March 2019: KZT 7,108,116 thousand), and included revenue from electricity transmission, technical dispatching, balancing services and services associated with maintaining readiness of electric capacity to bear the load.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

17. COST OF SERVICES

| <i>In thousands of tenge</i> | For the three months ended | |
|--|-----------------------------------|--------------------------|
| | 31 March 2020 | 31 March 2019 |
| For the purchase of services associated with maintaining readiness of electric capacity to bear the load | 19,122,551 | 15,149,320 |
| Cost of purchased electricity | 16,268,749 | 6,645,367 |
| Depreciation and amortisation | 8,179,312 | 8,251,713 |
| Technical losses of electric energy | 4,316,405 | 4,896,798 |
| Payroll expenses and other deductions associated with payroll | 3,948,752 | 3,679,554 |
| Costs for purchase of electricity to compensate for interstate electricity balance flows | 2,796,834 | 3,263,908 |
| Property tax | 2,301,188 | 2,200,295 |
| Operation and maintenance costs | 720,167 | 412,579 |
| Physical security expenses | 298,916 | 268,346 |
| Inventories | 148,070 | 145,852 |
| Other | 503,576 | 499,591 |
| | 58,604,520 | 45,413,323 |

18. GENERAL AND ADMINISTRATIVE EXPENSES

| <i>In thousands of tenge</i> | For the three months ended | |
|---|-----------------------------------|--------------------------|
| | 31 March 2020 | 31 March 2019 |
| Payroll expenses and other deductions associated with payroll | 1,176,956 | 1,039,841 |
| Depreciation and amortisation | 62,801 | 190,846 |
| Taxes excluding income tax | 30,759 | 27,151 |
| Accrual of provision for obsolete inventories | 28,174 | 55,974 |
| Utility costs | 20,916 | 25,551 |
| Consultant services | 20,371 | 16,634 |
| Expenses for the Board of Directors | 16,620 | 45,210 |
| Business trip expenses | 11,836 | 26,668 |
| Technical support costs | 10,503 | 71,685 |
| Insurance expenses | 9,787 | 5,803 |
| Materials | 8,630 | 8,746 |
| Education and trainings | 1,691 | 11,130 |
| Other | 312,425 | 149,757 |
| | 1,711,469 | 1,674,996 |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

19. FINANCE INCOME/(COSTS)

| | For the three months ended | |
|---|----------------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Finance income | | |
| Interest income on deposits, current accounts and quoted bonds | 865,934 | 839,337 |
| Amortization of discount on other financial assets | 113,682 | 127,072 |
| Amortization of discount on accounts receivable | 25,418 | 27,326 |
| Revenues from revaluation of financial instruments of DSFK | 8,603 | - |
| Other | 48,590 | 37,130 |
| | 1,062,227 | 1,030,865 |
| Less: interest capitalized into the cost of qualified property, plant and equipment (<i>Note 4</i>) | - | (149,947) |
| | 1,062,227 | 880,918 |
| Finance costs | | |
| Bond coupon | 1,984,843 | 2,171,750 |
| Interest on loans | 492,181 | 644,803 |
| Bank security fee | 234,951 | 101,456 |
| Interest expenses under finance lease | 11,303 | 9,377 |
| Amortization of loan administration fee | 4,494 | 4,494 |
| Discount expenses | 2,762 | - |
| Other expenses for bonds issued | 5,052 | 2,072 |
| | 2,735,586 | 2,933,952 |
| Less: interest capitalized into the cost of qualified property, plant and equipment (<i>Note 4</i>) | - | (1,054,758) |
| | 2,735,586 | 1,879,194 |

20. INCOME TAX EXPENSES

| | For the three months ended | |
|---|----------------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| <i>In thousands of tenge</i> | | |
| Current income tax: | | |
| Current income tax expenses | 3,241,521 | 3,601,438 |
| Adjustments with respect to current income tax of prior year | - | (394,644) |
| Deferred income tax: | | |
| Deferred tax expenses | (15,074) | (388,638) |
| Total profit tax expenses reported in the interim consolidated statement of comprehensive income | 3,226,447 | 2,818,156 |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

21. TRANSACTIONS WITH RELATED PARTIES

Related parties include key management personnel of the Group, enterprises in which a substantial interest in the participation interest is owned, directly or indirectly, by the Group's key management personnel, and other entities controlled by the Participant. Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

The following table shows the total debt amount as on 31 March 2020 and 31 December 2019:

| <i>In thousands of tenge</i> | | Accounts receivable from related parties | Accounts payable to related parties |
|-------------------------------------|----------------------|--|---|
| Subsidiaries of Samruk-Kazyna Group | 31 March 2020 | 5,990,361 | 9,715,632 |
| | 31 December 2019 | 4,562,033 | 5,212,732 |
| Samruk-Kazyna associates | 31 March 2020 | 437,284 | 639,746 |
| | 31 December 2019 | 122,745 | 469,270 |
| Samruk-Kazyna joint ventures | 31 March 2020 | 282,025 | 55,064 |
| | 31 December 2019 | 225,098 | 47,233 |
| Group associates | 31 March 2020 | 69,375 | 14,634 |
| | 31 December 2019 | 51,357 | 874 |

For the three months ended 31 March 2020 and 2019, the Group had the following related party transactions:

| <i>In thousands of tenge</i> | | Sales to related parties | Purchases from related parties |
|-------------------------------------|-------------|-----------------------------|-----------------------------------|
| Subsidiaries of Samruk-Kazyna Group | 2020 | 15,328,029 | 13,811,761 |
| | 2019 | 8,554,656 | 10,410,489 |
| Samruk-Kazyna associates | 2020 | 2,124,399 | 681,179 |
| | 2019 | 1,614,918 | 145,479 |
| Samruk-Kazyna joint ventures | 2020 | 1,084,717 | 8,551 |
| | 2019 | 1,491,995 | 1,534,807 |
| Group associates | 2020 | 202,434 | 22,825 |
| | 2019 | 163,876 | 2,452 |

As at 31 March 2020 the Group's borrowings of KZT 50,541,260 thousand were guaranteed by the Government of the Republic of Kazakhstan (31 March 2019: KZT 53,517,483 thousand).

In 2007-2009 the Group acquired bonds of Batys Transit JSC, an associate listed on the Kazakhstan Stock Exchange. The bonds are secured with Guarantee of the Government of Republic of Kazakhstan in accordance with guarantee agreement dated 9 January 2006. The coupon interest rate on bonds is 7.3%. The bonds are classified as financial assets carried at amortised cost. As at 31 March 2020, Batys Transit bonds were fully paid.

As at 31 March 2020 the Group had accounts receivable for the sale of property, plant and equipment of Balkhash thermal power plant (TPP) JSC to a related party in the amount of KZT 220,494 thousand (as at 31 December 2019: KZT 220,494 thousand). In accordance with sales agreement Balkhash TPP JSC should have paid the outstanding debt before the end of 2018. However, as at 31 March 2020 the debt was not paid off due to the suspension of construction of the Balkhash TPP, thus the management of the Group decided to charge an allowance for debt in the amount of 100%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

On 30 September 2015 the Group has sold buildings and constructions with equipment and land located in the city of Nur-Sultan to Kazpost JSC, the related party, for KZT 2,161,476 thousand. In accordance with sales agreement Kazpost JSC will repay the outstanding balance by equal monthly payments until June 2027. Accordingly, the Group discounted the future cash flows using discount rate of 10.37%, which is the Group Management's best estimate of market rate. As on 30 March 2020 the discount on accounts receivable from Kazpost JSC amounted to KZT 411,402 thousand. As at 31 March 2020 the receivables net of discount comprised KZT 996,832 thousand, of which KZT 816,709 thousand was accounted as a part of long-term receivables from related parties. During the three months ended 31 March 2020, the Group recognized income from amortization of a discount on long-term receivables from Kazpost JSC in the amount of KZT 25,418 thousand (during the three months ended 31 March 2019: KZT 27,326 thousand).

TRANSACTIONS WITH RELATED PARTIES (continued) In 2017, the Group entered into a long-term contract with a related party, Samruk-Kazyna Business Contract LLP, for leasing out the rights to use the software. Since, at the end of the contract, the rights to use the software will be transferred to the Group, the Group recognized the financial lease liability. As at 31 March 2020, the liability amounted to KZT 403,239 thousand (as on 31 December 2019: KZT 419,543 thousand).

Remuneration of the key management personnel that is included in salary expenses in the attached interim consolidated statement of comprehensive income amounted to KZT 39,142 thousand for the three months ended on 31 March 2020 (for the three months ended 31 on March 2019: KZT 63,276 thousand). Compensation to key management personnel consists of salaries, taxes and social payments, sick pay, and a health allowance for vacations.

22. CONTINGENT LIABILITIES

Operating environment

The Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstani economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Kazakhstan economy has been negatively impacted by a drop in oil prices. Interest rates in KZT remain high. Combination of these factors resulted in a reduced access to capital, a higher cost of capital, increased uncertainty regarding further economic growth, which could negatively affect the Group's financial position, results of operations and business prospects. The management of the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including an opinion on the IFRS approach regarding revenue, expenses and other accounts of financial statements. The current regime of penalties and interest related to unreported and discovered violations of Kazakhstan law are severe. Penalties are generally 5080% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued as at 31 March 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. CONTINGENT LIABILITIES (CONTINUED)

Compliance with loan covenants

From 1999 till 2011 the Group concluded loan facility agreements with EBRD and IBRD (the “Creditors”) of which are effective for the amounts of 506 million US Dollars and 228 million Euro (*Note 15*). According to the Loan facility Agreements concluded between the Group and the Creditors, the Group has to comply with the following covenants:

- Current ratio of not less than 1:1;
- Total debt to total capital of not more than 50%;
- Earnings before interest, income tax, depreciation and amortization (“EBITDA”) to interest expense of not less than 3:1;
- Net debt to EBITDA of not more than 4:1;
- Self-financing ratio of not less than 20%;
- Debt service ratio of not less than 1.2.

The management believes that the Group complied with all existing loan covenants with EBRD and IBRD as on 31 March 2020 and 31 December 2019. The Group excludes from EBITDA the foreign exchange loss, as management believes that foreign exchange loss meets definition of non-cash impairment and as such shall be excluded from the calculation of EBITDA as provided in the loan agreement. As at 31 March 2020 the Group excluded from EBITDA the foreign exchange losses of KZT 5,418,443 thousand for the three months ended 31 March 2020.

Insurance

As on 31 March 2020, the Group insured operating assets at replacement value of KZT 250,897,681 thousand. The insurance payment in case of occurrence is limited to the replacement value of the assets. The Group did not insure its other property. Since absence of any insurance does not imply a reduction of the cost of assets or origination of liabilities, no provision has been made in these consolidated financial statements for unexpected expenses associated with damage or loss of such assets.

CONTRACTUAL COMMITMENTS

To ensure the stable and reliable performance of the national electricity grid, the Group developed a capital investment plan. As at 31 March 2020, the Group’s outstanding contractual commitments within the frameworks of this plan amounted to KZT 50,333,318 thousand (as at 31 December 2019: KZT 52,925,016 thousand).

Due to the fact that a significant part of the plan on capital investments and, open contracts in particular, consist of equipment and spare parts purchased outside of the Republic of Kazakhstan, there is a likelihood of fluctuations in the value of contractual obligations. The main cause of these variations is the effect of changes in exchange rates caused by the transition to the regime of free-floating exchange rate in the framework of the implementation of target-based inflation.

Tariffs for the transmission of electrical energy, technical dispatching of grid output and consumption of electrical energy and organization of balancing the production and consumption of electric energy

Temporary compensating tariffs for consumers for 2020, approved by the Committee for the following regulated services of the Group:

- Transmission of electric energy in the amount of KZT 2.797 per kWh;
- Technical dispatching of the grid output and consumption of electric energy in the amount of KZT 0.306 per kWh;
- Organization of balancing the production and consumption of electric energy in the amount of KZT 0.098 per kWh.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. CONTINGENT LIABILITIES (CONTINUED)

Contractual commitments (continued)

Renewable electricity sale tariff

Renewable electricity sale tariff to nominal consumers is calculated in accordance with the "Rules for determining the renewable electricity tariff", approved by the order of the Minister of Energy of the Republic of Kazakhstan No. 118i dated 20 February 2015 "The rules of pricing in socially significant markets" approved by the Order of the Minister of National Economy of the Republic of Kazakhstan No. 36 dated 1 February 2017. The tariff on sale of electricity include the costs of the Financial Settlement Centre (FSC RES LLP) for the purchase of renewable electricity, the costs of generation and consumption balancing services, the costs of maintaining reserve funds and the costs associated with the operation of the FSC RES LLP.

The management believes that in Q1 2020 the calculation and application of tariffs on sale and purchase of renewable electricity, was carried out properly and in accordance with applicable norms and legislative acts.

Tariff for the provision of services to ensure the readiness of electricity capacity to bear the power load

The tariff for the provision of the service to ensure readiness of electricity capacity to bear the power load is calculated in accordance with the "Rules for calculating and posting by single purchaser on the internet resource of the price of service the ensure readiness of electricity capacity to bear the load", approved by the Order of the Minister of Energy of the Republic of Kazakhstan No. 685 dated 3 December 2015. The calculation of the price of the ensure readiness of electricity capacity to bear the power load for the coming calendar year is carried out by FSC RES LLP based on:

The weighted average price of the service to ensure readiness of electricity capacity, estimated according to the results of centralized trading of electricity capacity;

The weighted average price of the service to ensure readiness of electricity capacity of all contracts for the purchase of the services for maintaining readiness of electricity capacity, concluded by a single purchaser with the winners of tenders for the construction of generating units that are newly put into operation, with existing energy-producing organizations that have concluded an investment agreement for modernization, expansion, reconstruction and (or) updating with an authorized body, as well as with existing energy-producing organizations, comprising heat and power plants;

Forecast applications for the consumption of energy supplying, energy-transmitting organizations and consumers, which are subjects of the wholesale market;

Forecast demand for electricity capacity for the coming and subsequent calendar years.

Annually, prior to 1 December FSC RES LLP places on its Internet resource a price for a service to ensure readiness of electricity capacity to bear the power load for the coming calendar year along with supporting calculations. The price of the service to ensure readiness of electricity capacity to bear the power load for 2019 was 613,413 thousand KZT / MW * month (excluding VAT), for 2020 is 799,869 thousand KZT / MW * month (excluding VAT).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

22. CONTINGENT LIABILITIES (CONTINUED)

Contractual commitments (continued)

The impact of legislative changes on profits

Order of the Minister of Energy of the Republic of Kazakhstan No. 361 dated 8 November 2019 amended Order No. 152 dated 27 February 2015 *On Approving the Rules for the Organization and Functioning of the Electric Power Market* (hereinafter – “the Rules”). In particular it amended the method of calculation of the actual volume of services to ensure readiness of electricity capacity for energy-producing organizations by including an additional k8 factor. Use of this factor in calculation of the actual volumes of services to ensure readiness of electricity capacity in December 2019 significantly affected the revenue and cost performance in December 2019 for this type of operations.

Possible further changes to the Rules on the validity of the k8 coefficient may lead to significant changes in the revenue and cost indicators.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

23. SEGMENT STATEMENTS

Below is the information about gains and losses, assets and liabilities of the Group's operating segments for the 1st quarter of 2020.

| <i>KZT thousand</i> | Transportation of electricity and related support | Service associated with maintaining readiness of the electric capacity to bear the load | Purchase and sale of renewable electricity | Other | Elimination | Total |
|---|---|---|--|------------------|--------------------|-------------------|
| Revenues from sale to external customers | 46,744,730 | 22,711,596 | 13,996,503 | 197,493 | - | 83,650,322 |
| Revenues from sale to other segments | 44,933 | 1,094 | 1,118,217 | 971,828 | (2,136,072) | - |
| Total revenues | 46,789,663 | 22,712,690 | 15,114,720 | 1,169,321 | (2,136,072) | 83,650,322 |
| Gross profit | 22,304,186 | 3,590,139 | (1,196,551) | 368,772 | (20,744) | 25,045,802 |
| General and administrative expenses | (1,762,384) | (64,348) | (29,191) | (113,065) | 257,519 | (1,711,469) |
| Costs of transportation and sales | (85,781) | - | - | - | 6,348 | (79,433) |
| Financial income | 730,614 | 246,547 | 67,479 | 17,587 | - | 1,062,227 |
| Financial expenditures | (2,734,952) | (634) | - | - | - | (2,735,586) |
| Profit share of joint ventures and associates | 66,115 | - | - | - | - | 66,115 |
| Exchange gain/loss, net | (5,418,330) | - | - | (113) | - | (5,418,443) |
| PPE and intangible assets impairment | - | - | - | - | - | - |
| Income tax expenses | (2,630,949) | (530,823) | - | (64,675) | - | (3,226,447) |
| Net profit/loss for the year from continuing operations | 10,243,099 | 3,292,191 | (1,168,900) | 208,591 | 189,374 | 12,764,355 |
| Total net profit/loss | 10,243,099 | 3,292,191 | (1,168,900) | 208,591 | 189,374 | 12,764,355 |
| Other segment information | | | | | | |
| Total segment assets | 748,488,222 | 29,222,130 | 13,282,787 | 4,563,396 | (3,526,915) | 792,029,620 |
| Total segment liabilities | 268,785,173 | 20,537,318 | 9,335,145 | 698,880 | (1,929,275) | 297,427,241 |
| Provision for expected credit losses on doubtful debts | (431,158) | 46,962 | (22,349) | 5,078 | - | (401,467) |
| Investments in joint ventures and associates | 1,928,356 | - | - | - | - | 1,928,356 |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

23. SEGMENT STATEMENTS (continued)

Below is the information about gains and losses, assets and liabilities of the Group's operating segments for Q1 2019.

| <i>KZT thousand</i> | Transportation of electricity and related support | Service associated with maintaining readiness of the electric capacity to bear the load | Purchase and sale of renewable electricity | Other | Elimination | Total |
|---|---|---|--|----------------|--------------------|-------------------|
| Revenues from sale to external customers | 39,398,564 | 16,791,200 | 6,848,436 | 68,049 | - | 63,106,249 |
| Revenues from sale to other segments | 19,988 | 747 | 841,542 | 929,330 | (1,791,607) | - |
| Total revenues | 39,418,552 | 16,791,947 | 7,689,978 | 997,379 | (1,791,607) | 63,106,249 |
| Gross profit | 14,881,002 | 2,483,421 | 191,768 | 291,560 | (154,825) | 17,692,926 |
| General and administrative expenses | (1,586,107) | (57,013) | (18,675) | (128,870) | (134,434) | (1,656,231) |
| Costs of transportation and sales | (82,628) | - | - | - | 6,272 | (76,356) |
| Financial income | 802,423 | 57,363 | 4,430 | 16,702 | - | 880,918 |
| Financial expenditures | (1,879,194) | - | - | - | - | (1,879,194) |
| Profit share of joint ventures and associates | 311,261 | - | - | - | - | 311,261 |
| Exchange gain/loss, net | 865,654 | - | - | 120 | - | 865,774 |
| PPE and intangible assets impairment | (39,747) | - | - | - | - | (39,747) |
| Income tax expenses | (2,271,951) | (499,003) | (38,533) | (8,669) | - | (2,818,156) |
| Net profit/loss for the year from continuing operations | 11,112,685 | 2,027,962 | 156,598 | 152,624 | (44,560) | 13,405,309 |
| Total net profit/loss | 11,112,685 | 2,027,962 | 156,598 | 152,624 | (44,560) | 13,405,309 |
| Other segment information | | | | | | |
| Total segment assets | 761,783,011 | 14,197,228 | 6,453,286 | 4,293,376 | (4,638,786) | 782,088,115 |
| Total segment liabilities | 278,660,222 | 12,196,349 | 5,543,795 | 769,054 | (1,180,418) | 295,989,002 |
| Provision for expected credit losses on doubtful debts | (53,406) | 16,177 | (1,086) | (19,550) | - | (18,765) |
| Investments in joint ventures and associates | 1,419,128 | - | - | - | - | 1,419,128 |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

24. SUBSEQUENT EVENTS

Repayment of the principal IBRD debt

In April 2020, the Group repaid the principal debt under the IBRD loan that was used for North-South 500 kV Electricity Transmission Project in the amount of USD 4,078 thousand (equivalent to KZT 1,776,069 thousand) and interest in the amount of USD 306 thousand (equivalent to KZT 133,472 thousand).