Translation from original in Russian

JOINT STOCK COMPANY CENTRAL-ASIAN ELECTRIC POWER CORPORATION AND ITS SUBSIDIARIES

Consolidated financial statements
for the year ended 31 December 2009

Translation from original in Russian

JOINT STOCK COMPANY CENTRAL-ASIAN ELECTRIC POWER CORPORATION AND ITS SUBSIDIARIES

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JOINT STOCK COMPANY CENTRAL-ASIAN ELECTRIC POWER CORPORATION AND ITS SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Management is responsible for the preparation of the consolidated financial statements that present fairly in all material aspects the consolidated financial position of the Group as at 31 December 2009, the consolidated results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

These consolidated financial statements for the year ended 31 December 2009 were authorized for issue on 15 June 2010 by management of the Group.

Signed on behalf of management of the Group:

Orymbekov E. A.
President

15 June 2010
Almaty, Republic of Kazakhstan

CAEPCO

Serikova K. E.
Chief Accountant

15 June 2010
Almaty, Republic of Kazakhstan

INDEPENDENT AUDITORS' REPORT

To the Shareholders and management of Joint Stock Company Central Asian Electric Power Corporation:

We have audited the accompanying consolidated financial statements of Joint Stock Company Central-Asian Electric Power Corporation (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud affecting consolidated financial statements or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Translation from original in Russian

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2009, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 38 to the consolidated financial statements, which discloses significant operations of the Group with related parties on the terms that would not necessarily be available to third parties.

Tatyana Gutova
Engagement Partner
Qualified auditor
Qualification certificate #0000314,
dated 23 December 1996
Republic of Kazakhstan

Deloitte, LLP
Audit license for Republic of Kazakhstan #0000015, type MFU-2, issued by the Ministry of Finance of the Republic of Kazakhstan dated 13 September 2006.

Nurlan Bekenov
General Director
Deloitte, LLP

15 June 2010
Almaty, Republic of Kazakhstan

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JOINT STOCK COMPANY CENTRAL-ASIAN ELECTRIC POWER CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009
(in thousands of Tenge)

	Notes	2009	2008
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	6	52,361,618	48,649,385
Goodwill	7	2,424,419	2,424,431
Intangible assets		40,286	76,398
Deferred tax assets	37	50,852	40,058
Other financial assets	8	614,807	875,287
Other non-current assets	9	4,567,758	3,145,269
Total non-current assets		60,059,740	55,210,828
CURRENT ASSETS:			
Inventories	10	1,533,643	1,124,955
Trade accounts receivable	11	5,535,024	4,417,679
Advances paid	12	891,925	1,845,224
Taxes receivable and prepaid taxes	13	139,220	170,059
Other accounts receivable	14	2,941,015	3,277,184
Current portion of other financial assets	8	14,650,343	1,050,170
Cash and cash equivalents	15	1,000,434	243,332
Total current assets		26,691,604	12,128,603
TOTAL ASSETS		86,751,344	67,339,431
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	30,302,544	18,463,123
Additional paid-in capital	17	1,443,622	1,234,747
Revaluation reserve on property, plant and equipment		11,444,910	8,660,519
Retained earnings		8,054,073	5,666,475
Equity attributable to equity holders of the Parent		51,245,149	34,024,864
Non-controlling interests	18	475,667	6,442,469
Total equity		51,720,816	40,467,333
NON-CURRENT LIABILITIES:			
Bonds issued	19	6,825,153	3,496,290
Long-term loans	20	8,990,782	6,574,476
Deferred revenue	22	278,517	293,610
Long-term accounts payable	23	109,119	100,325
Deferred tax liabilities	37	5,965,749	5,107,604
Ash dump restoration liabilities	24	117,605	177,787
Employee benefit obligations	29	62,571	73,761
Total non-current liabilities		22,349,496	15,823,853

JOINT STOCK COMPANY CENTRAL-ASIAN ELECTRIC POWER CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2009
(in thousands of Tenge)

	Notes	2009	2008
CURRENT LIABILITIES:			
Current portion of bonds issued	19	2,083,525	96,248
Trade accounts payable	25	4,500,555	3,535,663
Current portion of long-term loans	20	3,555,709	3,443,866
Advances received	26	1,351,699	1,516,922
Current portion of obligations under finance lease	21	-	54,040
Taxes and non-budget payments payable	27	606,140	1,518,276
Current portion of employee benefit obligations	29	5,773	6,203
Current portion of ash dump restoration liabilities	24	11,080	16,380
Other liabilities and accrued expenses	28	566,551	860,647
Total current liabilities		12,681,032	11,048,245
TOTAL EQUITY AND LIABILITIES		86,751,344	67,339,431

Signed on behalf of management of the Group:

Orymbekov E.A.
President

15 June 2010
Almaty, Republic of Kazakhstan

Serikova K. E.
Chief Accountant

15 June 2010
Almaty, Republic of Kazakhstan

The notes on pages 11-56 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on pages 2-3.

Translation from original in Russian

JOINT STOCK COMPANY CENTRAL-ASIAN ELECTRIC POWER CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

(in thousands of Tenge)

	Notes	2009	2008
CONTINUING OPERATIONS			
REVENUE	30	43,941,850	25,052,244
COST OF SALES	31	(36,075,225)	(20,353,715)
GROSS PROFIT		7,866,625	4,698,529
General and administrative expenses	32	(3,895,562)	(3,572,191)
Selling expenses	33	(801,516)	(732,048)
Finance costs	34	(1,777,744)	(1,216,653)
Interest income	35	1,085,714	509,977
Gain/(loss) from purchase and disposal of investments		8	(25,009)
Foreign exchange loss		(57,602)	(33,954)
Other income	36	731,223	512,737
PROFIT BEFORE TAXATION		3,151,146	141,388
INCOME TAX (EXPENSE)/BENEFIT	37	(1,349,273)	2,924,384
PROFIT FOR THE YEAR		1,801,873	3,065,772
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		-	12,568
PROFIT FOR THE YEAR		1,801,873	3,078,340
OTHER COMPREHENSIVE INCOME:			
Effect from changes in income tax rates on revaluation of property, plant and equipment		117,210	2,110,600
Revaluation of property, plant and equipment less income tax impact		219,975	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		337,185	2,110,600
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,139,058	5,188,940
Profit attributable to:			
Shareholders of the Parent		1,757,104	2,978,593
Non-controlling interests		44,769	99,747
		1,801,873	3,078,340
Total comprehensive income attributable to:			
Shareholders of the Parent		2,094,289	4,666,328
Non-controlling interests		44,769	522,612
		2,139,058	5,188,940

Signed on behalf of management of the Group:

Orymbekov E.A.
President

15 June 2010
Almaty, Republic of Kazakhstan

CAEPCO

Serikova K. E.
Chief Accountant

15 June 2010
Almaty, Republic of Kazakhstan

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JOINT STOCK COMPANY CENTRAL-ASIAN ELECTRIC POWER CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

(in thousands of Tenge)

	Notes	Share capital	Additional paid-in capital	Revaluation reserve on property, plant and equipment	Retained earnings	Equity attributable to equity holders of the Parent	Non-controlling interests	Total equity
As at 1 January 2009		18,463,123	1,234,747	8,660,519	5,666,475	34,024,864	6,442,469	40,467,333
Effect of reregistration of subsidiary in joint stock company		-	(140,021)	(216,981)	357,002	-	-	-
Contribution to share capital	16	9,266,921	-	-	-	9,266,921	-	9,266,921
Decrease in non-controlling interests	16	2,572,500	348,896	3,288,138	(197,963)	6,011,571	(6,011,571)	-
Amortization of revaluation reserve		-	-	(623,951)	623,951	-	-	-
Decrease in obligations under finance lease		-	-	-	53,675	53,675	-	53,675
Accrual of discount less deferred tax of 51,543 thousand tenge	14	-	-	-	(206,171)	(206,171)	-	(206,171)
Profit for the year		-	-	-	1,757,104	1,757,104	44,769	1,801,873
Other comprehensive income for the year		-	-	337,185	-	337,185	-	337,185
Total comprehensive income for the year		-	-	337,185	1,757,104	2,094,289	44,769	2,139,058
As at 31 December 2009		30,302,544	1,443,622	11,444,910	8,054,073	51,245,149	475,667	51,720,816

JOINT STOCK COMPANY CENTRAL-ASIAN ELECTRIC POWER CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009
(in thousands of Tenge)

	Notes	Share capital	Additional paid-in capital	Revaluation reserve on property, plant and equipment	Retained earnings	Equity attributable to equity holders of the Parent	Non-controlling interests	Total equity
As at 1 January 2008			18,527,785	7,593,098	4,037,120	30,158,003	5,944,905	36,102,908
Contribution to share capital		18,463,123	(17,060,276)	(2,170)	(1,483,959)	(83,282)	149,282	66,000
Contribution of assets under finance lease to share capital		-	543,341	-	(186,177)	357,164	-	357,164
Decrease in non-controlling interests		-	-	-	-	-	(162,271)	(162,271)
Amortization of revaluation reserve		-	-	(618,144)	618,144	-	-	-
Disposal of property, plant and equipment leased to the founder		-	(86,932)	-	-	(86,932)	-	(86,932)
Offset of loans payable and finance lease obligations		-	(888,079)	-	-	(888,079)	-	(888,079)
Fair value adjustment of interest-free loan provided to JSC CAPEC	14	-	(64,210)	-	(399,791)	(464,001)	(12,059)	(476,060)
Effect of income tax and change in income tax rate	37	-	263,118	-	102,545	365,663	-	365,663
Profit for the year		-	-	-	2,978,593	2,978,593	99,747	3,078,340
Other comprehensive income for the year		-	-	1,687,735	-	1,687,735	422,865	2,110,600
Total comprehensive income for the year		-	-	1,687,735	2,978,593	4,666,328	522,612	5,188,940
As at 31 December 2008		18,463,123	1,234,747	8,660,519	5,666,475	34,024,864	6,442,469	40,467,333

Signed on behalf of management of the Group:

Orymbekov E.A.	**Serikova K. E.**
President	**Chief Accountant**
15 June 2010	15 June 2010
Almaty, Republic of Kazakhstan	Almaty, Republic of Kazakhstan

The notes on pages 11-56 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on pages 2-3.

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JOINT STOCK COMPANY CENTRAL-ASIAN ELECTRIC POWER CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

(in thousands of Tenge)

	Notes	2009	2008
OPERATING ACTIVITIES:			
Profit before taxation		3,151,146	153,956
Adjustments for:			
Amortization and depreciation		2,669,468	2,550,354
Finance costs	34	1,777,744	1,216,653
Provision for doubtful debts	11, 12, 14	450,959	253,217
Recovery of provision for impairment of construction in progress	32	-	(143)
(Gain)/loss from disposal of property, plant and equipment		(5,834)	38,928
Loss from disposal of intangible assets		8,959	1,213
(Gain)/loss from disposal of investments		(8)	1,632
Employee benefit (gain)/costs	29	(3,299)	47,329
Interest income from deposit	35	(775,009)	(209,613)
Interest income from interest-free financial aid	35	(297,438)	(295,517)
Interest income from guarantee deposits	35	(13,267)	(4,847)
Income from repurchase of bonds issued	36	(2,697)	(14,778)
Foreign exchange loss		57,602	14,730
Provision for unused vacations	28	6,332	18,109
Recovery of provision for obsolete inventories	10	(7,171)	(8,470)
Operating cash flow before changes in working capital		7,017,487	3,762,753
Increase in inventories		(1,108,406)	(722,981)
Increase in trade accounts receivable		(1,407,379)	(651,751)
Decrease/(increase) in advances paid		818,449	(1,026,272)
Decrease in taxes receivable and prepaid taxes		57,636	6,765
Decrease in other accounts receivable		132,911	104,277
Increase in trade accounts payable		965,641	66,002
Decrease in deferred revenue		(5,179)	(31,747)
(Decrease)/increase in advances received		(165,223)	166,059
(Decrease)/increase in taxes payable		(1,015,975)	291,404
Decrease in employee benefit obligations		(8,321)	(7,118)
Decrease in ash dump restoration liabilities		(11,080)	-
Decrease in other liabilities and accrued expenses		(300,870)	(503,722)
Cash provided by operating activity		4,969,691	1,453,669
Income tax paid		(242,129)	(25,411)
Interest paid		(1,851,403)	(832,125)
Net cash provided by operating activities		2,876,159	596,133
INVESTING ACTIVITIES:			
Cash withdrawn from deposit		3,805,942	198,000
Cash placed on deposit		(16,670,076)	(503,847)
Acquisition of property, plant and equipment		(5,000,016)	(1,902,305)
Increase in advances paid for property, plant and equipment		(1,494,083)	(1,654,169)
Acquisition of intangible assets		-	(1,882)
Proceeds from disposal of property, plant and equipment		94,052	35,502
Proceeds from interest accrued on placed deposits for more than one year		195,097	141,398
Disposal/(acquisition) of investments		20	(381,188)
Acquisition of a subsidiary		-	(29,301)
Net cash used in investing activities		(19,069,064)	(4,097,792)

JOINT STOCK COMPANY CENTRAL-ASIAN ELECTRIC POWER CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

(in thousands of Tenge)

	Notes	2009	2008
FINANCING ACTIVITIES:			
Contribution to share capital		9,266,921	66,000
Proceeds from issue of bonds		5,815,072	1,795,100
Repayment of bonds		(676,156)	(301,940)
Proceeds from loans		10,605,292	13,876,202
Repayment of loans		(8,309,266)	(5,832,572)
Repayment of obligations under finance lease		-	(1,106,690)
Financial aid provided to related party		(60,510)	(6,579,140)
Repayment of financial aid by related party		308,654	1,551,780
Guarantee deposits		-	120,201
Net cash generated from financing activities		16,950,007	3,588,941
NET INCREASE IN CASH AND CASH EQUIVALENTS		757,102	87,282
CASH AND CASH EQUIVALENTS, at the beginning of the year	15	243,332	156,050
CASH AND CASH EQUIVALENTS, at the end of the year	15	1,000,434	243,332

Non-cash operations:

- In 2009 the Group capitalized borrowing costs and foreign exchange loss from loans in a foreign currency for the total amount of 385,555 thousand tenge.
- In 2009 the Group performed revaluation of construction in progress object, tubine 3-12-35/5M, in the amount of 261,150 thousand tenge.
- In 2009 the Group paid withholding tax using the offset of other accounts receivable and interest accrued of 60,250 thousand tenge (2008: 24,953 thousand tenge).
- In 2009 the Group amortized the discount on the bonds issued of 41,238 thousand tenge (2008: 44,158 thousand tenge).
- In 2009 the Group transferred to other non-current assets the inventories held for use as a component for production of property, plant and equipment of 107,887 thousand tenge (2008: 142,673 thousand tenge).
- In 2009 the Group carried out capital repair of property, plant and equipment using its own resources and capitalized payroll expenses and costs of materials of 36,821 thousand tenge and 598,801 thousand tenge, respectively (2008: 34,756 thousand tenge and 187,841 thousand tenge, respectively).
- In 2009 the Group transferred inventories of 801,781 thousand tenge to property, plant and equipment (2008: 183,824 thousand tenge).
- In 2009 the Group transferred intangible assets of 18,327 thousand tenge to property, plant and equipment (2008: nil tenge).
- In 2008 the Group made an offset of other accounts receivable against repayment of finance lease obligations and interest-free loan on 2,613,573 thousand tenge.

Signed on behalf of management of the Group:

CAEPCO

Orymbekov E.A.	**Serikova K. E.**
President	**Chief Accountant**
15 June 2010	15 June 2010
Almaty, Republic of Kazakhstan	Almaty, Republic of Kazakhstan

The notes on pages 11-56 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on pages 2-3.

(in thousands of Tenge)

1. NATURE OF BUSINESS

Joint Stock Company Central-Asian Electric Power Corporation (CAEPCo) (hereinafter the "Company") was incorporated on 8 August 2008 (registration number 93550-1910-AO, business identification number: 080840005767).

The principal activity of the Group is production, transmission and distribution of the electric and heat energy in Pavlodar and Petropavlovsk cities, and sale of electric and heat energy in Astana.

The Group has all required licenses for the activities related to production, transmission and distribution of the electric energy.

As at 31 December 2009 the shareholders of the Company are JSC Central-Asian Power Energy Company (75.12%) and European Bank of Reconstruction and Development (EBRD) (24.88%) (31 December 2008: JSC CAPEC – 100%) (Note 16). The ultimate shareholders of the Company are Mr. E. Amirkhanov, Mr. A. Klebanov and Mr. S. Kan, residents of the Republic of Kazakhstan.

Legal address of the Company is as follows: 89, Karasai Batyr Street, Almaty, Republic of Kazakhstan.

The Company is the parent of the following subsidiaries (hereinafter jointly as the "Group"):

Subsidiaries:	Location	Ownership interest 2009	Ownership interest 2008	Principal activity
JSC Pavlodarenergo	Pavlodar	100.00%	79.77%	Production, transmission and sales of electric and heat energy
JSC SevKazEnergo (former SevKazEnergo Petropavlovsk LLP)	Petropavlovsk	100.00%	99.00%	Production, transmission and sales of electric and heat energy
Astanaenergosbyt LLP	Astana	100.00%	100.00%	Sales of electric and heat energy

The total number of employees of the Group as at 31 December 2009 and 2008 was 7,953 and 7,918, respectively.

These consolidated financial statements prepared under IFRS were approved and authorized for issue by management of the Group on 15 June 2010.

2. CURRENT ECONOMIC SITUATION

Operating environment – Although in recent years there has been a general improvement in economic conditions in Kazakhstan, Kazakhstan continues to display certain characteristics of an emerging market. These include, but are not limited to, currency controls and convertibility restrictions, relatively high level of inflation and continuing efforts by the government to implement structural reforms.

As a result, laws and regulations affecting businesses in Kazakhstan continue to change rapidly. Tax, currency and customs legislation within Kazakhstan is subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Kazakhstan. The future economic direction of Kazakhstan is largely dependent upon the effectiveness of economic, fiscal and monetary measures undertaken by the government, together with legal, regulatory, and political developments.

The Group is included into the local section of the State registrar of subjects of natural monopolies for Pavlodar region for production, transmission and distribution of thermal power. In this connection, the proposals of the Group to increase tariffs on production, transmission and distribution of thermal power are approved by the Agency of the Republic of Kazakhstan on regulation of natural monopolies after checking and evaluation of various internal and external factors.

Ongoing global liquidity crisis – The financial markets, both globally and in the Republic of Kazakhstan, have faced significant volatility and liquidity constraints since the onset of the global financial crisis, which began to unfold in the autumn of 2007 and worsened since August 2008. A side effect of those events was an increased concern about the stability of the financial markets generally and the strength of counterparties, and many lenders and institutional investors have reduced funding to borrowers, which has significantly reduced the liquidity in the global financial system.

The global financial turmoil has significantly affected the economy. It has resulted in a decrease of Kazakhstan's GDP, significant declines in debt and equity prices and a substantial outflow of capital. Because Kazakhstan produces and exports large volumes of oil and gas, Kazakhstan economy is particularly sensitive to the price of oil and gas on the world market that fluctuated significantly during 2008 and 2009. The government of Kazakhstan initiated the adoption of a package of laws and regulations to restore investor confidence, provide liquidity and support medium-term growth of Kazakhstan's economy.

While many countries, including the Republic of Kazakhstan, have recently reported improvement of the situation in the financial markets, a further downturn can still occur, and further state support measures might be required. Adverse changes arising from systemic risks in global financial systems, including any tightening of the credit environment could slow or disrupt the Republic of Kazakhstan economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, consolidated results of operations, consolidated financial condition and prospects.

While the Government of Republic of Kazakhstan has introduced a range of stabilization measures aimed at providing liquidity to Kazakhstani banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties, which could affect the Group's consolidated financial position, consolidated results of operations and business prospects.

Debtors of the Group may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for debtors may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets.

Management is unable to reliably estimate the effects on the Group's consolidated financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

3. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Adoption of new and revised standards

Standards and Interpretations effective in the current year:

The following new and revised Standards and Interpretations have been adopted in the current period and have not had any significant impact on presentation and disclosure in these consolidated financial statements:

- IAS 1 (as revised in 2007) Presentation of Financial Statements – IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements;
- Amendments to IFRS 7 Financial Instruments: Disclosures, improving Disclosures about Financial Instruments – the amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- IFRS 8 Operating Segments;
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate;
- Amendments to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations;
- IAS 23 (as revised in 2007) Borrowing Costs – The main change in the standard relates to the exclusion of the possibility of expensing all borrowing costs as incurred. This change did not affect these consolidated financial statements, since the Group earlier did not take borrowings for which capitalization of borrowing costs is provided, which were incurred on assets meeting the set requirements;
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation;
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures regarding reclassifications of financial assets;
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items;
- Embedded Derivatives (Amendments to IFRIC 9 and IAS 39);
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

Improvements to IFRSs (2008) – in May 2008 within an annual initiative aimed at the general improvement of the effective International Financial Reporting Standards, the IFRS Committee issued amendments to 20 existing standards. These amendments are related to certain expressions and issues regarding presentation of financial statements, issues of recognition and appraisal. The Improvements have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive, but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2010.

At the date of authorisation of these financial statements the following Interpretations and Standards were in issue but not yet effective:

- IFRS 1 (as revised in 2008) First-time Adoption of International Financial Reporting Standards (effective for reporting periods beginning on or after 1 July 2009);
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards additional exemptions for first-time relating to oil and gas assets and arrangements containing leases (effective for reporting periods beginning on or after 1 January 2010);
- Amendments to IFRS 2 Share-based Payment relating to group cash-settled share-based payment transactions (effective for reporting periods beginning on or after 1 January 2010);
- IFRS 3 (as revised in 2008) Business Combinations (effective for reporting periods beginning on or after 1 July 2009);
- Amendments to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (effective for reporting periods beginning on or after 1 January 2010);
- IFRS 9 Financial Instruments (effective for reporting periods beginning on or after 1 January 2013);
- Amendments to IAS 7 Statement of Cash Flows (effective for reporting periods beginning on or after 1 January 2010);
- IAS 24 (revised): Related Party Disclosures (effective for reporting periods beginning on or after 1 January 2011);
- IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements as a result of revision of IFRS 3 (effective for reporting periods beginning on or after 1 July 2009);
- IAS 28 (as revised in 2008) Investments in Associates as a result of revision of IFRS 3 (effective for reporting periods beginning on or after 1 July 2009);
- IAS 31 Interests in Joint Ventures as a result of revision of IFRS 3 (effective for reporting periods beginning on or after 1 July 2009);
- Amendment to IAS 32 Financial Instruments: Presentation relating to classification of rights issues (effective for reporting periods beginning on or after 1 February 2010);
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction relating to voluntary prepaid contributions (effective for reporting periods beginning on or after 1 February 2011);
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for reporting periods beginning on or after 1 July 2009);
- IFRIC 18 Transfers of Assets from Customers (effective for reporting periods beginning on or after 1 July 2009);
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for reporting periods beginning on or after 1 July 2010).

Improvements to IFRSs (April 2009) – in April 2009, within an annual initiative aimed at the general improvement of the effective International Financial Reporting Standards, the IFRS Committee issued amendments to 12 existing standards. These Improvements are intended to deal with non-urgent, minor amendments to Standards. The new version of the above standards and interpretations is effective for reporting periods starting on or after 1 July 2009 and 1 January 2010.

Management anticipates that the adoption of those Standards and Interpretations will have no material impact on the consolidated financial statements in the period of initial application.

Basis of presentation – These consolidated financial statements have been prepared in accordance with IFRS. These consolidated financial statements were presented in thousands of tenge, unless another currency is indicated.

These consolidated financial statements of the Group have been prepared on the historical cost basis, except for the following:

- valuation of property, plant and equipment according to IAS 16 "Property, plant and equipment" ("IAS 16");
- valuation of some financial instruments according to IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39").

Functional and presentation currency – The functional currency and currency of presentation of these consolidated financial statements is tenge ("tenge").

Going concern – These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future.

Management of the Group believes that the Group will be able to realize its assets and meet its liabilities in the normal course of business. Management also believes that JSC CAPEC, ultimate shareholder of the Group, will continue to provide operational support the Group in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

Segment reporting – The Group first applied IFRS 8, Operating segments, starting from 1 January 2009. IFRS 8 requires separation of operating segments based on internal reports on components of the Group, regularly checked by the chief executive officer responsible for making decisions on operating activities with the purpose of allocation of resources by segments and evaluation of its performance. By contrast to this, the previous IAS 14 Segment reporting required determining two segments (business segments and geographic segments) on the basis of the analysis of risks and rewards. At that, "the system of internal financial reporting to key management" served as the starting point for determining such segments. In determining operating segments the Group analyzed the criteria of aggregation, as a result the Group determined one operating segment – production, transmission and distribution of heat and electric power.

Basis of consolidation – The consolidated financial statements incorporate the financial statements of the Company and other enterprises which are directly or indirectly controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

In acquisition of subsidiaries their assets, liabilities and contingencies are evaluated at fair value as at the date of acquisition. The excess of the acquisition value over the fair value of acquired identifiable net assets is recorded as goodwill. The excess of the fair value of acquired identifiable net assets over the acquisition value (discount on acquisition) is recorded in income and expenses at the time of acquisition. The non-controlling interests are recorded in proportion to such a share in the fair value of assets and liabilities. Further, the losses exceeding the non-controlling interests are recorded as losses of the parent.

The results of economic activity of subsidiaries acquired or disposed during the reporting period are included in profits or losses from the date of actual acquisition or till the date of actual disposal, respectively.

Where necessary, the financial statements of the subsidiaries were adjusted in order to put accounting policies of the subsidiaries in line with the accounting policy used by the Group.

All significant intercompany transactions, balances and unrealized gains (losses) on transactions are eliminated on consolidation.

Business combination – The acquisition of subsidiaries is accounted for using the purchase method. At that the acquisition cost is measured at the amount of fair values of received assets, accrued and contingent liabilities and equity instruments issued by the Group in exchange for control over acquired enterprise at the date of acquisition, plus any costs indirectly related to business combination. At the date of acquisition, the identified assets, liabilities and contingent liabilities which meet the criteria of recognition set by IFRS *3, Business combination,* should be recognized at their fair value, except for long-term assets (disposal group) classified as held for sale according to *IFRS 5, Long-term assets held for sale and discontinued operations,* and accounted for at the fair value less selling expenses.

Goodwill arising at acquisition is recognized as an asset and reflected initially at the cost representing the excess of the cost of business combination over the interest of the Group in the net fair value of identifiable assets, liabilities and contingencies. If the Group's interest in the net fair value of acquired assets, liabilities and contingencies exceeds the cost of business combination, this excess is recognized in losses.

At each reporting date the Group evaluates the carrying value of goodwill for its potential impairment. The impairment loss, if any, is recognized as expenses of the current period.

The non-controlling interests in the acquired enterprise are initially evaluated in proportion to the share of net fair value of recognized assets, liabilities and contingencies.

Goodwill – Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is recognized as an asset and reviewed for impairment at least each year. The impairment loss is immediately recognized as expense and is subsequently not reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Foreign currencies transactions – Transactions in currencies other than the functional currency of the Group are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on date of the consolidated statement of financial position. Non-monetary items recorded at historical cost denominated in foreign currency are not translated. Foreign exchange gains and losses on these operations are recorded in profits or losses, except for exchange differences on loans in foreign currency relating to items of construction in progress, which are included into the cost of these items.

Property, plant and equipment – Property, plant and equipment are initially recorded at historical cost. All the property, plant and equipment acquired before 1 January 2005 – date of transition to IFRS – are recorded at the revalued cost being the deem cost. The cost of acquired property, plant and equipment represents the cost of funds paid upon acquisition of respective assets and other directly related costs incurred in delivery of assets to the facility and necessary preparation for their planned utilization.

Construction in progress comprises costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Depreciation of these assets, on the same basis as for other fixed assets, commences when the assets are put into operation. Construction in progress is reviewed regularly to determine whether its carrying value is fairly stated and whether appropriate provision for impairment is required.

After the initial recognition the property, plant and equipment is recorded at the revalued value which represents the fair value at the date of revaluation less accumulated depreciation and any subsequent impairment of the value. The revaluation of property, plant and equipment is conducted on a regular basis so that the possible difference between the carrying value and estimated fair value at the reporting date would be immaterial. The accumulated depreciation at the date of revaluation is eliminated against the total carrying value of the asset, after which the net book value is restated to the revalued cost of the asset.

Any increase in the value as a result of revaluation is included in other comprehensive income to the extent it exceeds the previous decrease in the value of the same assets recorded previously as a loss. The revaluation within the amounts of the previous decrease is recorded in the financial result. The decrease in the carrying value as a result of revaluation is also recorded in the financial result in the amount of its excess over the remainder of the provision for revaluation created as a result of previous revaluations of this asset.

Capitalized cost includes major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are charged to profit or loss as incurred.

Depreciation on revalued property, plant and equipment is recorded in profit or loss. Depreciation of construction in progress commences when the assets are put into operation. Deprecation is calculated on a straight-line basis during the useful lives, which are:

Buildings and constructions	2-60 years
Machines and production equipment	2-50 years
Vehicles	2-15 years
Other	2-14 years

The carrying value of an asset, useful life and methods are reviewed and adjusted, if needed, at the end of each financial year.

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets – Intangible assets are accounted at cost, less accumulated amortisation. Amortisation is charged on a straight-line basis over an asset's estimated useful life, which is 7-10 years.

Impairment of non-current assets – At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets and investment property to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an undeterminable useful life is tested for impairment annually and when there is an indication that the asset can be impaired.

The recoverable amount is the higher of fair value less selling costs and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately as an expense. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately as income.

Inventories – Inventories are stated at the lower of cost or net realizable value. Cost comprises direct cost of materials and, where applicable, direct labor and overheads incurred to bring inventories to their current location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Leases – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as a lessee – The assets held under finance lease are recognized as assets of the Group at their fair value or, if lesser, at the current value of minimum lease payments determined at the beginning of the lease. The respective obligation to the lessor is included into the consolidated statement of financial position as an obligation under finance lease. Lease payments are allocated between finance costs and decrease in the lease obligation to achieve a constant rate of interest on the remaining balance of liabilities. The financial costs are charged directly to income, unless they relate directly to qualifying assets. In this case they are capitalized according to the general policy of the Group on borrowing costs.

Lease payments on operating lease are charged to expense on a straight-line basis during the period of a respective lease.

Benefits received or to be received as an incentive from concluding an operating lease, are also allocated on a straight-line basis during the lease period.

Financial instruments – Financial assets and liabilities are recognized in the consolidated statement of financial position of the Group when the Group becomes a party to contractual provisions on the instrument. Regular purchases and sales of financial assets are fixed on the transaction date.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method – The effective interest method is a method to calculate the amortized cost of a financial asset and to allocate interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, over a shorter period.

Trade and other accounts receivable – Trade and other receivables are recognized and recorded in the consolidated statement of financial position at invoiced amounts less the provision for doubtful debt. The provision for doubtful debt is accrued when the debt is unlikely to be fully repaid. The provision for doubtful debt is accrued by the Group when the debt is not repaid within contractual terms. The provision for doubtful debt is regularly revised and, if adjustments are necessary, appropriate amounts are recorded in profit or loss in the period in which such need arises.

Other financial assets – Deposits with initial maturity of over three months are recorded in the consolidated statement of financial position as other current financial assets. Deposits with initial maturity of less than a year are recorded in the consolidated statement of financial position as other non-current financial assets.

Cash and cash equivalents – Cash and cash equivalents include petty cash and cash held in bank accounts. Cash equivalents include short-term investments that are readily convertible to known amounts of cash with original maturity date of less than three months and which are subject to insignificant risk of changes in value.

Impairment of financial assets – Impairment of any financial assets, except for FVTPL, is assessed on each reporting date. Financial assets are impaired when there is objective evidence that as a result of one or several events after the initial recognition of a financial asset the future cash flow from the investment was affected.

For any other financial assets, the objective evidence of impairment can include the following:

- significant financial difficulties of issuers or counterparties; or
- default or delay on interest or principal; or
- probable bankruptcy or reorganization of the borrower.

For some categories of financial assets, such as trade accounts receivable, the assets which are deemed not to be impaired separately will be subsequently assessed for impairment jointly. The objective evidence of accounts receivable impairment may include the previous experience of the Group with regard to collection, increase in outstanding amounts with a delay for more than 60 days, and observed changes in the national economy directly affecting the defaults on accounts receivable.

For the financial assets recorded at amortised cost, impairment is equal to the difference between the carrying value of the asset and the present value of the estimated cash flow discounted at the initial effective interest rate.

The carrying value of a financial asset is adjusted by the impairment loss directly for all financial assets, except for trade account receivable where the carrying value is adjusted by bad debt provision accounts. When trade accounts receivable are not expected to be paid, they are written off against the bad debt provision accounts. The subsequent recovery of the previously written off amounts is recorded in the bad debt provision accounts. Differences in bad debt provision accounts are recognized within profit or loss.

With the exception of AFS debt instruments, if an impairment loss in a subsequent period reduces and the reduction may be objectively linked to an event arising after the impairment recognition, the previously recognised impairment loss is reversed through the profit and loss account to the extent that the carrying value of financial assets at the reversal date can not exceed the carrying value which would be recorded had the impairment not been recognised.

Financial liabilities and equity – Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of financial liabilities and equity instruments. An equity instrument is any contract that evidences residual interest in the Group's assets after all of its liabilities are deducted. The accounting policy accepted for specific financial liabilities and equity instruments is discussed below.

Bank loans – Interest bearing bank loans and overdrafts, debt securities and issued notes are initially recorded at the fair value plus transaction costs and subsequently revalued at amortized value using effective interest method. Any difference between income (less operating costs) and calculation or repayment of loans is recognized during the periods of loans according to the accounting policy of the Group regarding borrowing costs (see below).

Debt securities – Debt securities represent bonds issued by the Group. Bonds are accounted for according to the same principles as used for bank loans.

Accounts payable and other liabilities – Accounts payable and other liabilities are initially recorded at the fair value and subsequently at amortized value using the effective interest method.

Offset of financial assets and liabilities – Financial assets and liabilities are offset and reported net on the consolidated statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement and has transferred substantially all the risks and rewards of the asset; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control over the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Borrowing costs – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs also include exchange differences arising as a result of loans in foreign currency to the extent they are considered an adjustment of interest expenses. The amount of the exchange difference capitalized in the form of an adjustment of interest expenses does not exceed the amount of interest expenses, which the Group would have capitalized, had the loan been taken in local currency. Any excess of the exchange differences is charged to profit or loss.

Income received from temporary investing of received borrowed funds to the moment of their spending for acquisition of qualifying assets is deducted from borrowing costs.

All other borrowing costs are recognized through profit or loss in the period in which they are incurred.

Revenue recognition – Revenue is determined at the fair value of the consideration received or receivable and represents amounts receivable for electric and heat energy services provided in the normal course of business, net of discounts and value added taxes ("VAT").

Revenue from sales of electric and heat energy is included into profit or loss at the moment of delivery to consumers. The basis for accrual of revenue on transmission and distribution of electric and heat energy and production of heat energy are tariffs approved by the Agency of the Republic of Kazakhstan on regulation of natural monopolies.

Revenue from sales of goods is included into profit or loss, when goods are delivered and the title was transferred to the buyer.

Taxation – Income tax expense represents the sum of the current and deferred tax expense.

The current tax expense is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using tax rates that have been enacted or mainly enacted at the reporting date.

Deferred tax is the tax recognized on differences between the carrying value of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other claims and liabilities in transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity.

Deferred income tax assets and deferred income tax liabilities are offset and reported net if the Group has a legally enforceable right to set off current income tax assets against current income tax liabilities and deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority, and the Group intends to settle its tax assets and liabilities on a net basis.

Employee benefits

Social tax

The Group pays social tax according to the existing legislation of the Republic of Kazakhstan. The effective rate of social tax for the Group during 2009 was approximately 10% of the gross income of employees (2008: 9% of the gross income of employees). The social tax and salary of the personnel are expensed in the period as accrued.

The Group also withholds 10% form the salary of its employees as contributions to the cumulative pension fund but not more than 101,025 tenge per month from 1 January to 1 July 2009 and 102,877 tenge per month from 1 July to 31 December 2009 (2008: not more than 78,863 tenge per month from 1 January to 1 July 2008 and 90,188 tenge per month from 1 July to 31 December 2008). According to the legislation of the Republic of Kazakhstan, pension contributions are obligations of the employee, and the Group carries no current or future obligations on employee benefits after their retirement, except for payments provided for by the collective agreement.

Defined benefit pension plan

According to the collective agreement the Group pays certain benefits to its employees after the retirement ("Defined benefit pension plan"). According to this agreement the Group ensures the following main payments and benefits:

- one-time benefit upon retirement;
- one-time premium upon a jubilee.

The Group recognizes actuarial income and losses arising from revaluation of employee benefit obligations in the period when they are revealed and recognizes expenses on benefits and obligations according to assessment defined by IAS 19, Employee benefits.

Obligations and expenses on benefits according to the defined benefit pension plan are determined using the projected unit credit method. This method considers each worked year as increasing the right for a benefit by an additional unit and measures each unit separately for recognition of the final obligation. The expenses on benefits are recorded in profit or loss in order to distribute the final benefits during the service time of workers according to the benefit formula under the defined benefit pension plan. This obligation is measured at the current value of estimated future cash flows using the discount rate similar to the rate of return on state bonds, currency and terms on which are comparable with the currency and estimated terms of the obligation under the defined benefit pension plan.

The defined benefit pension plan is unfunded.

Provisions – Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the obligation can be estimated reliably. Provisions are revised at each reporting date and adjusted to reflect the best current estimate.

Where the impact of time value of money is significant, the amount of the provision is calculated as the current value of expenses which are expected to repay the obligations. Where the discounting is used, the increase in the provision reflecting the period of past time is recognized as expense on benefit.

Contingent liabilities – Contingent liabilities are not recognized in the consolidated financial statements, except when an outflow of resources representing economic benefits is probable to repay liabilities and the amount of such liabilities can be measured reliably. A contingent asset is not recognized in the consolidated financial statements, but disclosed when an inflow of economic benefits related to such assets is probable.

Related party transactions – In preparation of these consolidated financial statement, the following parties were considered as related parties:

A party is related to an entity if:
(a) directly, or indirectly through one or more intermediaries, the party:
   i) controls, is controlled by, or is under common control with, the Group (this includes holding companies, subsidiaries and fellow subsidiaries);
   ii) has an interest in the Group that gives it significant influence over the Group; or
   iii) has joint control over the Group;
(b) the party is an associate of the Group;
(c) the party is a joint venture in which the Group is a venturer;
(d) the party is a member of the key management personnel of the Group or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party represents a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

In considering each possible related party, attention is directed to the substance of the relationship and not merely its legal form.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND KEY ASSUMPTIONS USED IN APPLICATION OF ACCOUNTING POLICY

The preparation of the consolidated financial statements according to IFRS requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, income and expenses and disclosure of commitments and contingencies. Due to uncertainty inherent in such estimates, the actual results reflected in future reporting periods may be based on the amounts different from these estimates.

The following are the key assumptions regarding future and other key sources of estimation uncertainty at the date of the consolidated statement of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Impairment of goodwill – The determination of the impairment of goodwill requires the estimate of the value in use of generating units, to which the goodwill extends. The determination of the value in use requires the Group to conduct the assessment of future cash flows expected from the generating unit and respective effective discount rate for the calculation of the current value. As at 31 December 2009 and 2008, the impairment of goodwill was not identified (Note 7).

Restoration obligations – For production purposes the Group uses six ash dumps. At the end of the useful life, these ash dumps should be restored. In order to determine the amount of the liability on restoration of these ash dumps management of the companies is required to conduct the evaluation of future cost of restoration of ash dumps. The Group evaluates liabilities on restoration of ash dumps at amortized cost at the effective interest rate of 12%-14% (2008: 12%-14%) (Note 24).

Determination of the fair value of property, plant and equipment – At each reporting date the Group assesses the significance of a change in the carrying value of the property, plant and equipment from the fair value of property, plant and equipment. In case of a significant change in the carrying value of property, plant and equipment from the fair value the Group evaluates the fair value of property, plant and equipment using independent appraisers. The Group revalued property, plant and equipment as at 31 December 2007. The Group believes that as at 31 December 2009 there were no indicators of change in the fair value of property, plant and equipment.

Impairment of property, plant and equipment – At each reporting date the Group reviews indicators of possible impairment of an asset. If there are such indicators or if the annual testing for impairment is required, the Group conducts the assessment of the recoverable amount. The recoverable amount of the asset represents the greater amount of the fair value of the asset or a generating unit less selling expenses, value in use and is determined for each asset except when an asset does not general cash flows which to a great extent depend on cash inflows generated by other assets or groups of assets. If the carrying value of the asset exceeds the recoverable amount, then the asset is considered to be impaired and its value is decreased to the recoverable amount. In the evaluation of the value in use the estimated future cash flows are discounted to their current value using the effective pre-tax interest rate of 13.78-13.89% (2008: 13%-17.13%), which reflects the current market value of the time value of cash flows and risks inherent to the assets. The change in estimated recoverable value can lead to impairment of assets or their recovery in the future periods.

Provisions – The Group creates provisions for doubtful debts. Significant judgments are used in determining the doubtful debt, such as the timing of debt recognition and historic and expected behavior of buyers. The changes in the economy or financial conditions of the buyers can require adjustments in provisions for doubtful debts in these consolidated financial statements.

The Group reviews annually the need to create provisions for obsolete inventories on the basis of data of annual stock counts and assessments of further use of obsolete inventories. The actual amount of losses from impairment of inventories can differ from their estimated amounts, which can have a significant effect on future operating results.

Guarantee deposits – JSC Pavlodarenergo and JSC SevKazEnergo, subsidiaries, revise guarantee deposits received from consumers for turning on additional capacity, at each reporting date and adjusts them to record them at the fair value. In order to determine the current value of guarantee deposits the companies evaluate the future expected cash outflows and a respective discounting rate to calculate the current value based on the best estimates of management. The guarantee deposits received from the consumers for turning on the additional capacity will be fully repaid by equal installments during 26 years and 16-25 years, respectively, starting from the 37th month after receipt of the guarantee deposits. In 2008 in order to calculate the current value of deferred income JSC Pavlodarenergo and JSC SevKazEnergo applied the effective interest rate of 14.4% and 12.5%, respectively. In addition, the current value of guarantee deposits can be impacted by the future changes in the legislation and evaluation of the discounting rate. The Group recorded the adjustment to the fair value as deferred income with the period of amortization during 19-28 years (Notes 22 and 23).

Interest-free loan – In 2009 the Group assessed interest-free loans at the amortized cost using the effective interest rate as at inception of the interest-free loan in range of 12.5% - 15.11% (2008: 12%-14%). Since the fair value of consideration did not equal the amortized cost of the loan, the difference between the fair value of the provided consideration and amortized cost of the loan of a related party was recognized in the consolidated statement of changes in equity, of third parties in the consolidated statement of comprehensive income (Note 14).

Property, plant and equipment held in trust management – The Group received property, plant and equipment for trust management from the Department of finances of Pavlodar region and Department of finances of Pavlodar (Note 1) and applied IFRIC 12 beforehand, Concession agreements, in advance during preparation of its 2007 consolidated financial statements. The trust management agreement is considered a concession agreement, since the Government regulates the activity of the Group and controls property, plant and equipment in trust management. Property, plant and equipment received for trust management is not recorded in the consolidated statement of financial position of the Group and income from use of property, plant and equipment is determined at the fair value of the consideration received or receivable and represents the amounts receivable from the supply of heat energy, which are included in profit or loss at the moment of delivery to consumers. The expenses are recognized as incurred and reflected in profits or losses in the period to which they relate.

Employee benefits – JSC Pavlodarenergo and JSC SevKazEnergo have a collective agreement whereby one-time benefits and payments are made to employees ("Social benefits, guarantees and compensations").

The defined benefit plan used by the Group is recorded according to requirements of IAS 19, Employee Benefits. Application of IAS 19 requires the use of demographic assumptions with regard to future characteristics of existing and past employees to which benefits are due (mortality at and after work, statistics on changes in the quantity of workforce, etc.) and financial assumptions (discounting rate, future annual material aid, future annual minimum salary, etc.). The Group's assumptions are based on historical experience and discussion with actuaries. The change in estimates can have a significant impact on operating results of the Group (Note 29).

Assessment of the effect of deferred income tax – At each reporting date, management of the Group determines the future effect of deferred income tax by comparing the carrying values of assets and liabilities in the consolidated financial statements with the respective tax basis. The deferred tax assets and liabilities are calculated at tax rates which are applicable to the period when the asset is realized or the liability is repaid.

The deferred tax assets are recognized to the extent the taxable profit is probable against which respective time differences can be realized. The deferred tax assets are analyzed as at each reporting date and decreased to the extent the realization of respective tax benefits is not probable anymore (Note 37).

Useful lives of property, plant and equipment – As discussed in Note 4, the Group reviews the useful lives of property, plant and equipment as at the end of each financial year. The evaluation of the useful life of an asset depends on such factors as economic use, repair and maintenance programs, technological upgrades and other business conditions. Management's assessment of the useful lives of property, plant and equipment reflects the respective information available as at the date of these consolidated financial statements. As a result of changes in these estimates, the depreciation amounts can materially differ from the amounts recorded in previous years.

Recognition of revenue from sales of electric power – The Group recognizes revenue at the moment of delivery of electric power as per meters of the power consumers. The data from the meters are provided by consumers on a monthly basis and checked by the Group for accuracy on a sample basis. The Group recognizes revenue from electric power sold from the moment of the last metering to the end of the reporting period based on an estimate. As per this method, the daily volume of electric power consumed is determined according to the data of the previous month which is multiplied by the tariff.

6. PROPERTY, PLANT AND EQUIPMENT

As at 31 December, property, plant and equipment consisted of the following:

Cost	Land, buildings and constructions	Machines and production equipment	Vehicles	Other	Construction in progress	Total
At 1 January 2008	15,161,190	32,359,948	623,541	140,904	743,232	49,028,815
Acquisitions of subsidiaries (Note 39)	35,223	45,972	7,788	18,891	-	107,874
Additions	30,929	139,532	219	22,397	1,719,482	1,912,559
Transfers from inventories	-	1,872	-	12	482,164	484,048
Internal transfers	447,794	1,479,937	15,816	4,638	(1,948,185)	-
Disposals	-	(79,481)	(158,195)	(22,817)	-	(260,493)
At 31 December 2008	15,675,136	33,947,780	489,169	164,025	996,693	51,272,803
Additions	53,305	228,977	5,768	41,236	4,507,369	4,836,655
Transfers from inventories	-	1,881	-	837	1,397,864	1,400,582
Internal transfers	301,449	3,487,940	-	1,037	(3,790,426)	-
Disposals	(89,228)	(61,790)	(21,728)	(29,460)	-	(202,206)
Revaluation	-	-	-	-	261,150	261,150
At 31 December 2009	15,940,662	37,604,788	473,209	177,675	3,372,650	57,568,984
Accumulated depreciation						
At 1 January 2008	(93,755)	(19,560)	(25,091)	(3,934)	-	(142,340)
Acquisitions of subsidiaries (Note 39)	-	(19,337)	-	(5,827)	-	(25,164)
Charge for the year	(654,103)	(1,765,144)	(83,333)	(22,518)	-	(2,525,098)
Disposals	2,769	16,262	46,892	3,118	-	69,041
Recovery of provision for impairment losses	-	-	-	-	143	143
At 31 December 2008	(745,089)	(1,787,779)	(61,532)	(29,161)	143	(2,623,418)
Charge for the year	(651,810)	(1,919,514)	(58,213)	(31,105)	-	(2,660,642)
Disposals	46,424	18,212	6,916	5,142	-	76,694
At 31 December 2009	(1,350,475)	(3,689,081)	(112,829)	(55,124)	143	(5,207,366)
Net book value						
At 31 December 2009	14,590,187	33,915,707	360,380	122,551	3,372,793	52,361,618
At 31 December 2008	14,930,047	32,160,001	427,637	134,864	996,836	48,649,385

The revaluation of property, plant and equipment of the Group was conducted by an independent appraiser at 31 December 2007. The fair value of property, plant and equipment was determined by a comparison of the amortized recoverable value and net adjusted cash flows from the use of these property, plant and equipment. Management believes that the results of the revaluation appropriately reflect the economic conditions of property, plant and equipment of the Group at that date.

The net book value of each class of property, plant and equipment, which would be recognized in the consolidated financial statements, if the property, plant and equipment had been recorded at cost less accumulated depreciation and accumulated provision for impairment losses, would be presented as follows:

	Land, buildings and constructions	Machines and production equipment	Vehicles	Other	Construction in progress	Total
At 31 December 2009	6,323,238	17,388,327	103,789	123,163	3,372,793	27,311,310
At 31 December 2008	10,598,955	22,443,950	259,597	130,060	897,536	34,330,098

The Group changed the useful lives of property, plant and equipment since 1 January 2008. The effect of this change, assuming that all the property, plant and equipment will be used till the end of their useful lives, resulted in the decrease in depreciation expenses in the current year by 898,775 thousand tenge (2008: 822,792 thousand tenge).

As at 31 December 2009 and 2008, the net book value of property, plant and equipment pledged was 23,469,824 thousand tenge and 15,720,490 thousand tenge, respectively (Note 20).

As at 31 December 2009 and 2008, the fully depreciated property, plant and equipment at revalued cost amounted to 107,303 thousand tenge and 46,620 thousand tenge, respectively.

On 27 September 2006, JSC Pavlodar Heat Network, the subsidiary of JSC Pavlodarenergo, signed an agreement on trust management of the state property #76 with the following state institutions: the Department of finances of Pavlodar region and Department of finances of Pavlodar city. As per the agreement, JSC Pavlodar Heat Network has the right to manage heat networks and hot water supply equipment with book value of 2,107,817 thousand tenge.

For the year ended 31 December 2009 and 2008 transactions with related parties amounted to 35,574 thousand tenge and nil tenge, respectively (Note 38).

7. GOODWILL

As at 31 December, the movement in goodwill consisted of the following:

	2009	2008
Cost		
At 1 January	2,424,431	1,454,194
Goodwill on acquired investments	-	970,237
Goodwill on disposed investments	(12)	-
At 31 December	2,424,419	2,424,431
Impairment loss for the year	-	-
Net book value		
At 31 December	2,424,419	2,424,431

As at 31 December 2009 and 2008, no impairment of goodwill was identified.

8. OTHER FINANCIAL ASSETS

As at 31 December, other financial assets consisted of the following:

	2009	2008
Other short-term financial assets	14,650,343	1,050,170
Other long-term financial assets	614,807	875,287
	15,265,150	1,925,457

As at 31 December 2009 other financial assets represented long-term and short-term deposits of 614,807 thousand tenge and 14,650,343 thousand tenge, respectively (31 December 2008: 875,287 thousand tenge and 1,050,170 thousand tenge, respectively). Part of the funds on the deposits represented deposits to secure the fulfillment of the liabilities of the group companies or JSC CAPEC. A short-term deposit placed by JSC SevKazEnergo of 2,000,000 thousand tenge was a deposit to secure a loan from JSC Eximbank Kazakhstan issued to SAEM-Snabtekhkomplekt, unrelated party of the Group. As at 31 December 2009 the pledged deposit funds amounted to 2,498,303 thousand tenge (31 December 2008: 1,879,134 thousand tenge). In 2009, the interest rates on deposits were 6.5%-11% (2008: 9.5%-11%).

In 2009, the Group recognized an interest income totaling 775,009 thousand tenge (2008: 209,613 thousand tenge) (Note 35). As at 31 December 2009 the interest due was equal to 566,276 thousand tenge (31 December 2008: 46,323 thousand tenge). This liability was recorded within other financial assets.

Deposits with banks as at 31 December were denominated in the following currencies:

	2009	2008
Tenge	12,291,185	1,925,457
US dollar	2,973,965	-
	15,265,150	1,925,457

As at 31 December 2009 and 2008 the related party transactions amounted to 15,265,150 thousand tenge and 1,925,457 thousand tenge, respectively (Note 38).

9. OTHER NON-CURRENT ASSETS

As at 31 December, other non-current assets consisted of the following:

	2009	2008
Advance paid for delivery of property, plant and equipment	4,459,871	2,965,788
Inventories to be used as a component for production of property, plant and equipment	107,887	142,673
Non-current accounts receivable	-	36,808
	4,567,758	3,145,269

10. INVENTORIES

As at 31 December, inventories consisted of the following:

	2009	2008
Raw materials	588,196	438,852
Spare parts	303,915	218,705
Fuel	311,815	216,374
Rolled metal products	56,026	59,776
Construction materials	61,961	57,501
Tools and metering devices	25,494	32,800
Uniforms	17,571	13,532
Chemical agents	16,597	13,660
Isolating materials	11,236	12,628
Other	189,314	116,780
	1,582,125	1,180,608
Provision for obsolete inventories	(48,482)	(55,653)
	1,533,643	1,124,955

For the years ended 31 December, the movement in the provision for obsolete inventories was as follows:

	2009	2008
At 1 January	(55,653)	(64,123)
Reversed	7,171	8,470
At 31 December	(48,482)	(55,653)

During 2009, the related party transactions on inventory sales amounted to nil tenge (2008: 1,641 thousand tenge), the related party transactions on inventory purchase amounted to 494 thousand tenge (2008: nil tenge) (Note 38).

11. TRADE ACCOUNTS RECEIVABLE

As at 31 December, trade accounts receivable consisted of the following:

	2009	2008
Sales and transmission of electric and heat energy	6,722,829	5,442,638
Sales of inventories and provision of other services	92,233	91,244
Other	42,453	40,213
	6,857,515	5,574,095
Provision for doubtful debts	(1,322,491)	(1,156,416)
	5,535,024	4,417,679

The Group believes that trade accounts receivable less provisions will be recovered, since it conducts procedures on recovery of trade accounts receivable through hiring independent lawyers. The Group believes that sufficient provision was created on receivables from the third parties. The Group determines the collectibility of accounts receivable based on the terms existing as at the reporting date.

For the years ended 31 December, the movement in the provision for doubtful debts was as follows:

	2009	2008
At 1 January	(1,156,416)	(469,402)
Acquisitions of subsidiaries	-	(500,861)
Write-off against previously created provisions	123,959	28,875
Accrued	(290,034)	(215,028)
At 31 December	(1,322,491)	(1,156,416)

Trade accounts receivable as at 31 December 2009 and 2008 were denominated in the following currencies:

	31 December 2009	31 December 2008
Tenge	5,530,134	4,417,679
Russian ruble	4,890	-
	5,535,024	4,417,679

As at 31 December 2009 and 2008 trade accounts receivable from related parties amounted to 128 thousand tenge and 15,922 thousand tenge, respectively (Note 38).

12. ADVANCE PAID

As at 31 December, advances paid consisted of the following:

	2009	2008
For services	895,014	1,782,116
For goods	189,438	123,767
Other	3,618	636
	1,088,070	1,906,519
Provision for doubtful debts	(196,145)	(61,295)
	891,925	1,845,224

For the years ended 31 December, the movement in the provision for doubtful debts was as follows:

	2009	2008
At 1 January	(61,295)	(21)
Acquisitions of subsidiaries	-	(60,092)
Accrued	(134,850)	(1,182)
At 31 December	(196,145)	(61,295)

As at 31 December 2009 and 2008 advances paid to related parties amounted to 205,725 thousand tenge and 180,000 thousand tenge, respectively (Note 38).

13. TAXES RECEIVABLE AND PREPAID TAXES

As at 31 December, taxes receivable and prepaid taxes consisted of the following:

	2009	2008
Property tax	44,485	7,406
Value added tax	32,885	55,759
Income tax	31,395	49,238
Withholding tax	24,488	48,407
Other	5,967	9,249
	139,220	170,059

14. OTHER ACCOUNTS RECEIVABLE

As at 31 December, other accounts receivable consisted of the following:

	2009	2008
Interest-free loan (including JSC CAPEC)	2,232,779	2,867,029
Accrued penalties	376,098	194,059
Receivables on court proceedings	162,309	-
Receivables from employees and shortages	57,823	143,365
Other	235,041	169,691
	3,064,050	3,374,144
Provision for doubtful debts	(123,035)	(96,960)
	2,941,015	3,277,184

As at 31 December 2009, the financial aid included interest-free financial aid of 2,192,409 thousand tenge and 40,370 thousand tenge, issued to the ultimate shareholder, JSC CAPEC (Note 38), and Autotransport Enterprise SevKazEnergo LLP, respectively (2008: 2,826,659 thousand tenge and 40,370 thousand tenge, respectively). The Group recorded the interest-free financial aid at the amortized cost using the effective interest rate of 12.5% (2008: 12.5%-14.6%). As a result, the Group recognized in equity the fair value adjustment of 257,714 thousand tenge (2008: 476,060 thousand tenge). For the year ended 31 December 2009 the Group recognized interest income of 297,438 thousand tenge (2008: 295,517 thousand tenge) (Note 35).

As at 31 December 2009 and 2008, the accrued penalties of 376,098 thousand tenge and 194,059 thousand tenge, respectively, represented penalties imposed on JSC Centrkazenergomontazh, Sredenergomontazh Pavlodar LLP, Institut Kaznipienergoprom LLP and individuals for the late fulfillment of the terms of the contracts for delivery of materials, construction work and acquisition of heat and electric energy.

For the years ended 31 December the movement in the provision for doubtful debts was as follows:

	2009	2008
At 1 January	(96,960)	(59,953)
Accrued	(26,075)	(37,007)
At 31 December	(123,035)	(96,960)

As at 31 December 2009 and 2008 other accounts receivable were denominated in tenge.

As at 31 December 2009 and 2008 other accounts receivable from related parties were 2,218,506 thousand tenge and 3,028,561 thousand tenge, respectively (Note 38).

15. CASH AND CASH EQUIVALENTS

As at 31 December, cash and cash equivalents consisted of the following:

	2009	2008
Cash in bank accounts	893,598	190,884
Petty cash	106,836	52,448
	1,000,434	243,332

As at 31 December 2009 and 2008, cash and cash equivalents in the bank of the related party amounted to 805,419 thousand tenge and 154,593 thousand tenge, respectively (Note 38).

As at 31 December 2009 and 2008, cash and cash equivalents were denominated in tenge.

16. SHARE CAPITAL

As at 31 December, share capital consisted of the following:

	2009		2008	
	Interest	000'tenge	Interest	000'tenge
JSC CAPEC	75.12%	21,035,623	100%	18,463,123
European Bank of Reconstruction and Development (EBRD)	24.88%	9,266,921	-	-
	100%	30,302,544	100%	18,463,123

In 2009 the Company entered into an agreement with European Bank of Reconstruction and Development (hereinafter EBRD) whereby EBRD acquired 24.88% shares in the Company amounting to 6,967,087 shares of 9,266,921 thousand tenge at 1,330 tenge each. During 2009 JSC CAPEC made a contribution to the share capital of the Company in the form of shares of JSC Pavlodarenergo and JSC SevKazEnergo of 2,572,500 thousand tenge.

The shareholders have the right to dividends, to part of the property of the Company in case of its liquidation and a privilege to acquire shares of the Company. In 2009 and 2008 dividends were neither declared nor paid.

17. ADDITIONAL PAID-IN CAPITAL

As at 31 December 2009 and 2008, the additional paid-in capital of 1,443,622 thousand tenge and 1,234,747 thousand tenge, respectively, included:

- the difference between net book value of property, plant and equipment received by the Group under the finance lease agreement and minimum value of discounted lease payments under this lease. During the finance lease the founder transferred part of the property, plant and equipment under the agreement into the share capital of the Group, and the additional paid-in capital was adjusted accordingly;
- revenue from factoring operations due to acquisition and subsequent sale of the legal claim from the related party at value greater than the actual cost of this claim;
- fair value adjustment of the interest-free loan issued to the related party.

18. NON-CONTROLLING INTERESTS

As at 31 December 2009, the non-controlling interests represented an interest in JSC Pavlodar Regional Distribution Network Company (subsidiary of JSC Pavlodarenergo) of 475,667 thousand tenge (31 December 2008: interests in JSC Pavlodarenergo, JSC Pavlodar Regional Distribution Network Company and JSC SevKazEnergo of 6,442,469 thousand tenge).

19. BONDS ISSUED

In December 2005 the Group declared an issue of 20,000,000 coupon bonds totaling 2,000,000 thousand tenge with par value of 100 tenge, with an interest rate of 9%, semi-annual coupon payments and maturity of 5 years.

In July 2007 the Group declared an issue of 80,000,000 coupon bonds totaling 8,000,000 thousand tenge with par value of 100 tenge, with an interest rate of 13%, semi-annual coupon payments and maturity of 10 years.

During 2009 and 2008 the Group repurchased 8,349,500 and 3,019,400 coupon bonds totaling 705,411 thousand tenge and 301,940 thousand tenge, respectively. For the years ended 31 December 2009 and 2008 proceeds from the repurchase of own bonds amounted to 2,697 thousand tenge and 14,778 thousand tenge, respectively (Note 36).

On 31 December 2009 the Agency of the Republic of Kazakhstan for regulation and supervision of the financial market and financial organizations conducted state registration of the issue of coupon bonds of JSC SevKazEnergo. The issue of bonds with par value of 100 tenge amounted to 8,000,000 thousand tenge. The issue is divided into 80,000,000 coupon bonds without collateral, which are assigned national identification number KZ2C0Y10D695. The issue is entered into the state registrar of equity securities under number D69. As at 31 December 2009 the bonds were not placed.

As at 31 December, bonds issued were presented as follows:

Bonds placed at the price	Maturity date	Interest rate, per annum	2009	2008
100.00%	24 December 2010	9%	500,000	500,000
99.99%	24 December 2010	9%	408,660	408,660
99.97%	24 December 2010	9%	500,000	500,000
98.10%	24 December 2010	9%	500,000	500,000
98.19%	24 December 2010	9%	19,980	19,980
96.51%	24 December 2010	9%	5,120	5,120
96.52%	24 December 2010	9%	10,230	10,230
94.84%	24 December 2010	9%	30,000	30,000
97.53%	24 December 2010	9%	1,860	1,860
98.18%	24 December 2010	9%	2,020	2,020
76.05%	10 July 2017	13%	1,902,320	1,907,000
79.17%	10 July 2017	13%	-	416,810
96.22%	10 July 2017	9.8%/13%	1,499,900	-
101.24%	10 July 2017	9.8%/13%	500,000	-
105.47%	10 July 2017	9.8%/13%	948,000	-
86.31%	10 July 2017	9.8%/13%	1,159,000	-
82.55%	10 July 2017	9.8%/13%	840,500	-
87.39%	10 July 2017	9.8%/13%	550,000	-
76.63%	10 July 2017	9.8%/13%	502,000	-
			9,879,590	4,301,680
Including/(excluding):				
(Discount on bonds issued)			(415,522)	(503,450)
Accumulated interest on bonds issued			451,961	96,248
(Repurchase of bonds issued)			(1,007,351)	(301,940)
			8,908,678	3,592,538

The bonds issued are repaid as follows:

	2009	2008
Within one year	2,083,525	96,248
In the second to the fifth years inclusive	-	1,671,810
After five years	6,825,153	1,824,480
	8,908,678	3,592,538

As at 31 December 2009, bonds of 1,631,564 thousand tenge which mature on 24 December 2010 and accumulated interest payable of 451,961 thousand tenge were recorded within current liabilities.

20. LOANS

As at 31 December, loans including interest payable consisted of the following:

	Interest rate %	Currency	2009	Interest rate %	Currency	2008
(a) JSC SB Sberbank Russia	12.5%	Tenge	7,467,118	12.5%	Tenge	7,132,203
(b) European Bank of Reconstruction and Development	Libor + 3%	US Dollars	4,503,584	Libor + 3%	US Dollars	1,226,172
(c) Eximbank Kazakhstan	14%-16%	Tenge	312,065	14%-16%	Tenge	1,610,557
(d) Halyk Bank of Kazakhstan	15%	Tenge	300,000	10-11%	Tenge	90,220
Commission for opening of the credit line			(36,276)			(40,810)
			12,546,491			10,018,342

(a) On 1 October 2008 the Group concluded agreement #01/10 for opening of the revolving credit line with JSC SB Sberbank Russia for 6,111,839 thousand tenge with maturity on 1 October 2015. The loan was received on the basis of the decision of the founders for refinancing of the debt of JSC CAPEC. As at 31 December 2009 and 2008 the liability within this credit line was equal to 5,058,570 thousand tenge and 6,302,834 thousand tenge, respectively, including interest due.

On 27 June 2008 the Group concluded accessory (loan) agreement # 27/06 and an agreement for opening of a credit line with JSC SB Sberbank for 2,414,800 thousand tenge with maturity on 27 June 2011. As at 31 December 2009 and 2008 the debt within this credit line equaled 2,408,548 thousand tenge and 829,369 thousand tenge, respectively, including interest due. The interest is paid on a monthly basis.

As a security of fulfillment of obligations under this loan property, plant and equipment were pledged at net book value of 11,919,378 thousand tenge (2008: 3,922,874 thousand tenge) (Note 6).

(b) On 29 November 2007 the Group concluded an agreement with the European Bank of Reconstruction and Development for the loan totaling USD 30,000,000 with maturity till 2017. The interest is paid semiannually.

As at 31 December 2009 the Group pledged property, plant and equipment to secure the loan from European Bank of Reconstruction and Development of 8,091,645 thousand tenge (31 December 2008: 7,837,782 thousand tenge) (Note 6).

(c) The Group opened credit lines with JSC Eximbank Kazakhstan totaling 1,700,000 thousand tenge with maturity till 2012 (2008: 1,850,000 thousand tenge with maturity till 2009 – 2011) and received money within separate loan agreements concluded on a revolving basis. As at 31 December 2009 and 2008 the liability within these credit lines was 312,065 thousand tenge and 1,610,557 thousand tenge, respectively, including interest due. Under loan agreements the principal is repaid from October to April (from May to September, principle is not repaid), the interest is repaid on a monthly basis.

As at 31 December 2009 and 2008 loans from JSC Eximbank Kazakhstan were secured by property, plant and equipment of the Group of 3,458,801 thousand tenge and 3,959,834 thousand tenge, respectively (Note 6).

As at 31 December 2009 and 2008 the Group pledged cash to secure loans from JSC Eximbank Kazakhstan of 498,303 thousand tenge and 1,879,134 thousand tenge, respectively (Note 8).

(d) The Group opened credit lines with JSC Halyk Bank of Kazakhstan totaling 450,000 thousand tenge with maturity till 2010 (2008: 150,000 thousand tenge with maturity till 2010) and received money within separate loan agreements concluded on a revolving basis. As at 31 December 2009 and 2008 the liabilities within credit lines were 300,000 thousand tenge and 90,220 thousand tenge, respectively, including interest due. The interest is repaid on a monthly basis.

The loans are repayable as follows:

	2009	2008
Within one year	3,555,709	3,443,866
In the second to the fifth years inclusive	5,337,056	4,310,650
After five years	3,653,726	2,263,826
	12,546,491	10,018,342

As at 31 December 2009 and 2008 loans from the bank of a related party were 312,065 thousand tenge and 1,610,557 thousand tenge, respectively (Note 38).

21. OBLIGATIONS UNDER FINANCE LEASE

As at 31 December, obligations under finance lease consisted of the following:

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	2009	2008
Amounts payable under finance lease:				
Within one year	-	54,040	-	54,040
In the second to the fifth years inclusive	-	-	-	-
	-	54,040	-	54,040
Less future finance charges	-	-	-	-
Present value of lease payments	-	54,040	-	54,040
Less: Amount due for settlement within 12 months			-	(54,040)
Amount due for settlement after 12 months			-	-

In 2009 the interest expenses under finance lease amounted to nil tenge (2008: 239,354 thousand tenge) (Note 34).

22. DEFERRED REVENUE

As at 31 December 2009 and 2008, deferred revenue of 278,517 thousand tenge and 293,610 thousand tenge, respectively, represent an adjustment of guarantee deposits for turning on additional capacity decreased by accrued interest income for 2009 of 13,267 thousand tenge (2008: 4,847 thousand tenge) (Note 35) and the effect of change in the rates.

23. LONG-TERM ACCOUNTS PAYABLE

As at 31 December, long-term accounts payable consisted of the following:

	2009	2008
Guarantee deposit for turning on additional capacity	393,768	395,749
Discount on guarantee deposits for turning on additional capacity	(281,454)	(301,803)
Change in estimate	-	6,379
Current portion of guarantee deposits for turning on additional capacity	(3,195)	-
	109,119	100,325

The Group received cash on 556,032 thousand tenge from consumers as a guarantee deposit for turning on additional capacity. As per decree of the Government of the Republic of Kazakhstan #1044 dated 8 October 2004 the Group was to pay received cash during 16-25 years, starting from the 37[th] month after the receipt of the guarantee deposit. The Group records these liabilities at amortized value using the effective interest rate of 12.5%-14.4%. The change in estimate is connected with the change in the size of payment per one unit of turned on additional capacity. As per resolution #291/12 dated 18 December 2008, the akimat of Pavlodar region approved the plan of perspective development of electric grids of Pavlodar region (except for Ekibastuz and Ekibastuz region). Based on the plan, the payment for one unit of turned on additional capacity amounted to 26,273 tenge per 1 kW, while in 2007 the payment per one unit of turned on additional capacity was 54,900 tenge per 1 kW. As a result, in 2009 and 2008 the variance of the previously placed guarantwas reclassified as other short-term liability of 99 thousand tenge and 159,752 thousand tenge, respectively. In 2009 the Company repaid the liability of 53,142 thousand tenge (2008: 440 thousand tenge). The remaining liability will be repaid in 2010 (Note 28).

The current portion of guarantee payments was included into other liabilities and accued expenses as other (Note 28).

The amortization of the discount for the years ended 31 December 2009 and 2008 was recognized within finance costs of 12,147 thousand tenge and 4,550 thousand tenge, respectively (Note 34).

24. ASH DUMP RESTORATION LIABILITIES

For production purposes the Group uses six ash dumps. At the end of the useful life these ash dumps should be recovered. As at 31 December 2009 and 2008 the Group evaluated the total ash dump restoration liability at amortized value of 128,685 thousand tenge and 194,167 thousand tenge, respectively. This liability was discounted at the effective interest rate of 12-14% (2008: 12-14%).

In 2009 and 2008 the Group recognized interest expenses relating to the ash dump restoration liability of 15,652 thousand tenge and 5,959 thousand tenge, respectively (Note 34).

As at 31 December, the movement in the ash dump restoration liability was as follows:

	2009	2008
At 1 January	194,167	188,208
Interest expenses	15,652	5,959
Restoration during the year	(11,080)	-
Change in estimate	(70,054)	-
At 31 December	128,685	194,167
Current portion	11,080	16,380
Long-term portion	117,605	177,787
	128,685	194,167

25. TRADE ACCOUNTS PAYABLE

As at 31 December, trade accounts payable consisted of the following:

	2009	2008
For provided services	3,802,511	2,632,159
For purchased goods	578,357	751,910
For repairs and construction services	76,985	112,278
For property, plant and equipment	33,924	34,684
Other	8,778	4,632
	4,500,555	3,535,663

As at 31 December 2009 and 2008, accounts payable were denominated in the following currencies:

	2009	2008
Tenge	4,500,507	3,535,334
Russian Ruble	48	165
US Dollars	-	164
	4,500,555	3,535,663

As at 31 December 2009 and 2008, trade accounts payable to related parties amounted to 11,293 thousand tenge and 1,487 thousand tenge, respectively (Note 38).

26. ADVANCES RECEIVED

As at 31 December 2009 and 2008 advances received on 1,351,699 thousand tenge and 1,516,922 thousand tenge, respectively, included advances received for delivery of electric and heat energy and other services.

27. TAXES AND NON-BUDGET PAYMENTS PAYABLE

As at 31 December, taxes and non-budget payments payable consisted of the following:

	2009	2008
Value added tax	273,583	475,640
Environment fund	126,119	266,763
Penalties and fines	67,295	550,862
Income tax	44,100	36,483
Personal income tax	41,940	69,641
Social tax	19,647	61,215
Property tax	17,469	28,031
Social security liabilities	6,838	22,321
Other	9,149	7,320
	606,140	1,518,276

As at 31 December 2009 and 2008 penalties and fines represented penalties and fines for late payment of tax liabilities.

28. OTHER LIABILITIES AND ACCRUED EXPENSES

As at 31 December, other liabilities and accrued expenses consisted of the following:

	2009	2008
Payables to the personnel	218,412	222,445
Provisions for unused vacations	115,843	109,511
Guarantee deposits for turning on additional capacity (Note 23)	106,269	159,312
Pension contributions	61,745	61,475
Voluntary pension contributions	13,356	185,038
Insurance payable	9,191	9,898
Penalty for pension contributions	-	39,238
Other	41,735	73,730
	566,551	860,647

As at 31 December 2009 and 2008 other liabilities and accrued expenses to related parties were equal to nil tenge and 137 tenge thousand, respectively (Note 38).

29. EMPLOYEE BENEFIT OBLIGATIONS

As at 31 December 2009 and 2008, the Group concluded collective agreements with the labor collective of JSC Pavlodarenergo (including its subsidiaries) and JSC SevKazEnergo (including its subsidiaries).

Employee benefit liabilities are paid as per the collective agreement concluded between the Group and the labor collective.

As at 31 December, the total employee benefit liability of the Group comprised:

	2009	2008
Long-term portion	5,773	6,203
Current portion	62,571	73,761
	68,344	79,964

Below is the reconciliation of the current amount of employee benefit liabilities for the years ended 31 December:

	2009	2008
Total liabilities at the beginning of the year	79,964	39,753
Current cost of services	16,804	35,936
Benefit cost	7,546	5,125
Payments made for the year	(8,321)	(7,118)
Actuarial (gain)/loss recognized for the year	(27,649)	6,268
Total liabilities at the end of the year	68,344	79,964
Liability that matures during the year	(5,773)	(6,203)
Liability that matures after one year	62,571	73,761

The current value of services, benefit cost and actuarial loss recognized during 2009 were recognized in administrative expenses and other expenses on 3,299 thousand tenge (2008: 47,329 thousand tenge).

The calculations of the liabilities of the Group were prepared on the basis of published statistical data on the level of mortality, and actual data on the number, age, sex and length of service of employees and pensioners, and statistics on changes in the quantity of personnel. Other main assumptions at the reporting date are presented below:

	2009	2008
Discount rate	7.13%	6.5%
Expected annual growth of the minimum computation index	7%	6.0%-10%
Expected annual growth of the minimum salary in the future	9-10%	6.0%-10%

30. REVENUE

Revenue for the years ended 31 December consisted of the following:

	2009	2008
Sales of electric energy	25,569,971	16,371,744
Sales of heat energy	12,406,623	8,205,203
Transmission of electric energy	3,805,968	251,210
Transmission of heat energy	1,919,591	659
Other	239,697	223,428
	43,941,850	25,052,244

In 2009 and 2008 revenue from related party transactions amounted to 299 thousand tenge and 152 thousand tenge, respectively (Note 38).

31. COST OF SALES

Cost of sales for the years ended 31 December consisted of the following:

	2009	2008
Electric and heat energy acquired for sale	14,536,341	515,957
Fuel	6,931,279	6,389,228
Payroll and related taxes	3,681,412	3,406,678
Services received	3,336,305	3,302,862
Inventories	2,546,224	1,852,285
Depreciation and amortization	2,491,840	2,398,421
Transmission of heat and electric energy	1,533,402	1,419,997
Technical water (injection)	392,487	-
Electric and heat energy acquired for own use	50,644	65,421
Technical losses	11,379	10,990
Other	563,912	991,876
	36,075,225	20,353,715

In 2009 and 2008 cost of sales from related party transactions amounted to 78,340 thousand tenge and 3,545 thousand tenge, respectively (Note 38).

32. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December consisted of the following:

	2009	2008
Payroll and related taxes	1,116,400	948,584
Taxes, other than income tax	469,890	605,614
Provision for doubtful debts (Notes 11,12 and 14)	450,959	253,217
Heat losses (above-norm)	248,096	148,826
Penalties and fines	191,957	284,411
Lease expenses	141,627	8,594
Transportation services	139,652	64,472
Electric power losses (above-norm)	108,494	62,165
Security	101,540	88,455
VAT on losses	89,680	78,400
Inventories	91,274	64,339
Consulting services	88,379	36,339
Depreciation and amortization	75,851	97,922
Bank commission	72,487	51,811
Remuneration of the board of directors members	49,340	31,581
Legal and audit services	41,776	68,150
Electric power acquired for own needs	29,651	23,057
Communication expenses	26,751	12,600
Business trip expenses	23,606	31,771
Sponsorship and financial aid	12,929	241,477
Insurance	9,185	27,457
Provision for unused vacation	6,332	18,109
Reversal of the provision for impairment of construction in progress (Note 6)	-	(143)
Reversal of the provision for obsolete inventories (Note 10)	(7,171)	(8,470)
Other	316,877	333,453
	3,895,562	3,572,191

The above-norm losses of heat and electric power represent the cost of produced heat and electric power lost in transmission by heat and electric grids due to thefts or other reasons.

In 2009 and 2008 the related party transactions amounted to 60,850 thousand tenge and 22,175 thousand tenge, respectively (Note 38).

33. SELLING EXPENSES

Selling expenses for the years ended 31 December consisted of the following:

	2009	2008
Payroll and related taxes	270,636	281,345
Dispatcher services	179,647	255,630
Transportation	119,095	40,512
Bank commission	69,181	38,383
Inventories	19,157	16,531
Depreciation and amortization	14,737	12,855
Security	17,431	11,911
Lease expenses	10,309	10,688
Communication	6,370	7,621
Business trip expenses	4,648	5,566
Other	90,305	51,006
	801,516	732,048

In 2009 and 2008 the related party transactions amounted to 7,821 thousand tenge and 287 thousand tenge, respectively (Note 38).

34. FINANCE COSTS

Finance costs for the years ended 31 December consisted of the following:

	2009	2008
Interest expenses relating to bank loans	1,120,966	540,711
Interest expenses relating to bonds issued	650,779	376,177
Interest expenses under finance lease (Note 21)	-	239,354
Amortization of the discount on bonds	41,238	44,158
Interest expenses relating to ash dump recovery liabilities (Note 24)	15,652	5,959
Expenses on opening of a credit line with EBRD	-	5,744
Interest expenses on guarantee deposits (Note 23)	12,147	4,550
Change in estimate on ash dump restoration	(63,038)	-
	1,777,744	1,216,653

In 2009 and 2008 the related party transactions amounted to 171,244 thousand tenge and 418,273 thousand tenge, respectively (Note 38).

35. INTEREST INCOME

Interest income for the years ended 31 December consisted of the following:

	2009	2008
Interest income from cash placed on the deposit with maturity for less than one year (Note 8)	441,461	48,863
Interest income from cash placed on the deposit for more than one year (Note 8)	333,548	160,750
Interest income on financial aid to JSC CAPEC (Note 14)	297,438	295,517
Interest income on guarantee deposits (Note 22)	13,267	4,847
	1,085,714	509,977

In 2009 and 2008 the related party transactions amounted to 1,072,447 thousand tenge and 505,130 thousand tenge, respectively (Note 38).

36. OTHER INCOME

Other income for the years ended 31 December consisted of the following:

	2009	2008
Income from penalties for incompliance with the terms of the contract	562,713	194,646
Lease income	93,508	61,050
Income from inventories found as a result of stock count	64,528	52,111
Income from sales of inventories	32,444	24,686
Income from write-off of accounts payable	27,997	9,967
Income from construction/assembly	17,730	-
Income from products of auxiliary workshops	9,343	16,186
Gain/(loss) from disposal of property, plant and equipment	5,749	(38,928)
Income from sale of acquired heat energy	4,605	3,215
Income from repurchase of own bonds (Note 19)	2,697	14,778
Expenses from sales of acquired heat energy	928	(3,313)
Expenses from products of auxiliary workshops	(2,795)	(2,288)
Expenses on depreciation of property, plant and equipment transferred to operating lease	(46,857)	(41,156)
Acquisition of accounts receivable	(49,640)	131,741
Lease expenses	(54,178)	-
Other income	62,451	90,042
	731,223	512,737

Penalties and fines consist of charged penalties for incompliance of customers with the terms of the contracts for delivery of heat and electric energy. During 2009 and 2008 the Group accrued penalties and fines mainly on JSC Tsentrkazenergomontazh and LLP Institut Kaznipienergoprom for incompliance with the terms of the contract.

In 2009 and 2008 the Group incurred other expenses from related party transactions on 50,585 thousand tenge and 16,133 thousand tenge, respectively (Note 38).

37. INCOME TAX

Income tax expenses/(benefit) for the years ended 31 December are as follows:

	2009	2008
Current income tax expenses	374,346	33,421
Deferred income tax expenses/(benefit)	974,927	(2,957,805)
Income tax expenses/(benefit)	1,349,273	(2,924,384)

As at 31 December deferred tax assets and liabilities were as follows:

	2009	2008
Deferred tax assets as a result of:		
Loss carry-forward	110,345	185,189
Provision for doubtful debts	81,208	221,134
Taxes accrued but unpaid	32,938	63,209
Discount on interest-free loan provided to JSC CAPEC	28,727	47,249
Ash dump restoration liabilities	19,472	30,345
Provision for obsolete inventories	9,638	18,339
Provision for unused vacations	20,976	21,902
Deferred revenue	13,545	13,593
Interest expenses on guarantee deposits for additional capacity	676	637
Other temporary differences	4,301	1,829
Total deferred tax assets	321,826	603,426
Deferred tax liabilities as a result of:	**2009**	**2008**
Revaluation of property, plant and equipment	(3,828,879)	(3,051,247)
Carrying value of property, plant and equipment and intangible assets prior to revaluation	(2,361,875)	(2,370,630)
Long-term accounts payable	(13,545)	(13,593)
Interest income on guarantee deposits for turning on additional capacity	(837)	(788)
Taxes	(31,587)	-
Total deferred tax liabilities	(6,236,723)	(5,436,258)
Deferred tax liabilities, net including	(5,914,897)	(5,067,546)
Deferred tax liability	(5,965,749)	(5,107,604)
Deferred tax asset	50,852	40,058

Unrecognized deferred tax assets and liabilities:

Loss carry-forward	166,453	93,090
Provision for doubtful debts	184,141	129,886
Interest expenses on guarantee deposits for additional capacity	20,104	-
Other temporary differences	3,221	5,150
	373,919	228,126
Carrying value of property, plant and equipment	(20,843)	(29,725)
Interest income on guarantee deposits for turning on additional capacity	(26,943)	-
	(47,786)	(29,725)
Deferred tax assets, net	326,133	198,401

The movement in deferred taxes for the years ended 31 December is as follows:

	2009	2008
Balance at 1 January	(5,067,546)	(10,541,672)
Acquisition of a subsidiary	-	40,058
Deferred tax liabilities	(847,351)	5,434,068
Balance at 31 December	(5,914,897)	(5,067,546)
Recorded in:		
profits or loss	(974,927)	2,957,805
other comprehensive income	76,033	2,110,600
consolidated statement of changes in equity	51,543	365,663
	(847,351)	5,434,068

Below is a reconciliation of income tax expense for the years ended 31 December to the profit before tax in the profit or loss:

	2009	2008
Tax rate	20%	30%
Profit before taxation	3,151,146	153,956
Tax at statutory rate	630,229	46,187
Change in unrecognized tax assets	145,793	(46,987)
Loss from losses above norms	66,443	44,613
Effect of change in tax rate	118,364	(3,152,010)
Tax effect of permanent differences	388,444	183,813
Income tax expenses/(benefit)	1,349,273	(2,924,384)

The Group pays income tax at 20% rate from the taxable profit according to the legislation of the Republic of Kazakhstan (2008: 30%). Due to changes in the tax legislation of the Republic of Kazakhstan effective since 1 January 2009, the income tax rate in 2009 decreased from 30% to 20%, in 2013 from 20% to 17.5%, in 2014 and subsequent years from 17.5% to 15%.

On 25 December 2003 JSC Pavlodarenergo signed an investment agreement #0396-12-2003 providing for investment preferences with the Committee for investments of the Ministry of industry and trade of the Republic of Kazakhstan (the "Agreement").

In accordance with agreement Pavlodarenergo JSC had preferences provided the right to offset from the taxable base of new property, plant and equipment installed in 2003 within the investment project starting from 1 January 2004 till 1 January 2009.

29 December 2003 JSC SevKazEnergo, subsidiary of the Company concluded Contacts №0409-12-2003, №0418-12-2003 and №0408-12-2003 with Investment Committee on tax preferencies; and received the following tax preferences:

- On corporate income tax there was a right to deduct from comprehensive income for the year the cost of fixed assets within investment project initially put into operations, in equal portions during 5 year period, from the 1 January of the subsequent year ; and
- On property tax there was a right not pay property tax during 3 year period, starting from 1 January of the subsequent year on fixed assets initially putted into operation within Investment project

The Contract expired on 31 December 2008.

38. RELATED PARTY TRANSACTIONS

The related parties of the Group include shareholders of the Group, their subsidiaries and associated companies or companies over which the Group or its shareholders exercise control and key management personnel of the Group.

Transactions with related parties are performed on terms that would not necessarily be available to the third parties.

Transactions between the Company and its subsidiaries and jointly controlled companies are excluded on consolidation and not presented in this Note.

In 2009 and 2008 the related parties of the Group were the following:

Name of related party	Relationship
Amirkhanov Erkyn Adamyanovich	Major shareholder of JSC CAPEC
Klebanov Aleksandr Yakovlevich	Major shareholder of JSC CAPEC
Kan Sergey Vladimirovich	Major shareholder of JSC CAPEC
European Bank of Reconstruction and Development	Shareholder
JSC Eximbank Kazakhstan	Subsidiary of JSC CAPEC
JSC Cumulative Fund Amanat Kazakhstan (former JSC D.A. Kunayev Public Cumulative Pension Fund)	Subsidiary of JSC CAPEC
Eximleasing Kazakhstan LLP	Subsidiary of JSC CAPEC
JSC Cumulative Pension Fund Ular Umit	Subsidiary of JSC CAPEC (25% +1 share)
JSC Joint Stock Risk Investment Fund CAPEC Invest	Amirkhanov E.A., Klebanov A.Ya., Kan S.V. - major shareholders
CAPEC Investment Group LLP	Amirkhanov E.A., Klebanov A.Ya., Kan S.V. - major shareholders
Enter Unit LLP	Sole shareholder – Amirkhanov Erzhan Adamyanovich, brother of Amirkhanov Erkyn Adamyanovich
MacCenter Kazakhstan LLP	Sole shareholder of company - Amirkhanov Erzhan Adamyanovich, brother of Amirkhanov Erkyn Adamyanovich
IPOINT LLP	Subsidiary of MacCentre Kazakhstan LLP
ALASH MEDIA GROUP LLP	Klebanov A.Ya. - sole shareholder
Pechatnye tekhnologii LLP	Subsidiary of ALASH MEDIA GROUP LLP
Tolgau LLP	Subsidiary of ALASH MEDIA GROUP LLP
INTER-RADIO LLP	Subsidiary of ALASH MEDIA GROUP LLP
Corporate Kazakh Culture Development Fund Abyroi	Subsidiary of ALASH MEDIA GROUP LLP
Alash service LLP	Subsidiary of ALASH MEDIA GROUP LLP
TV company ERA LLP	Subsidiary of ALASH MEDIA GROUP LLP
Effective Media Liaison LLP	Subsidiary of ALASH MEDIA GROUP LLP
JSC Joint Stock Risk Investment Fund Karazhan Invest	Kan S.V. owns 34%
Circle Maritime Invest LLP	Subsidiary of JSC Joint Stock Risk Investment Fund Karazhan Invest
Caspian Offshore Construction LLP	Subsidiary of JSC Joint Stock Risk Investment Fund Karazhan Invest
KGNT HOLDING LLP	Klebanov A.Ya. owns 33% Kan S.V. owns 34%
KGNT-AKER KVAERNER LLP	Subsidiary of KGNT HOLDING LLP (50%)
KGNT INTERNATIONAL LLP	Subsidiary of KGNT HOLDING LLP (80%)

In 2009 and 2008 the Group had significant transactions with the following related parties:

Acquisition of property, plant and equipment (Note 6)

	31 December 2009	31 December 2008
JSC CAPEC	5,768	-
MacCenter Kazakhstan LLP	29,806	-
	35,574	-

Other financial assets (Note 8)

	31 December 2009	31 December 2008
Deposits of JSC Eximbank Kazakhstan with maturity less than one year	14,650,343	1,050,170
Deposits of JSC Eximbank Kazakhstan with maturity over one year	614,807	875,287
	15,265,150	1,925,457

Acquisition of inventories (Note 10)

	31 December 2009	31 December 2008
MacCenter Kazakhstan LLP	373	-
Enter-unit LLP	121	-
	494	-

Sale of inventories (Note 10)

	31 December 2009	31 December 2008
Autotransport Enterprise SevKazEnergo LLP	-	1,641
	-	1,641

Trade accounts receivable (Note 11)

	31 December 2009	31 December 2008
JSC Cumulative Pension Fund Amanat Kazakhstan	91	-
JSC Eximbank Kazakhstan	30	306
JSC CAPEC	7	-
Autotransport Enterprise SevKazEnergo LLP	-	15,616
	128	15,922

Advances paid (Note 12)

	31 December 2009	31 December 2008
Energocomplect PV LLP	-	180,000
JSC Cumulative Pension Fund Amanat Kazakhstan	203,066	-
MacCenter Kazakhstan LLP	2,659	-
	205,225	180,000

Other accounts receivable (Note 14)

	31 December 2009	31 December 2008
JSC CAPEC	2,192,409	2,826,658
Autotransport Enterprise SevKazEnergo LLP	-	40,370
Energocomplect PV LLP	25,647	-
JSC Eximbank Kazakhstan	-	46,323
Liability of key management personnel of the Group	450	115,210
	2,218,506	3,028,561

Cash and cash equivalents (Note 15)

	31 December 2009	31 December 2008
JSC Eximbank Kazakhstan	805,419	154,593
	805,419	154,593

Loans (Note 20)

	31 December 2009	31 December 2008
JSC Eximbank Kazakhstan	312,065	1,610,557
	312,065	1,610,557

Trade accounts payable (Note 25)

	31 December 2009	31 December 2008
JSC CAPEC	11,223	97
Autotransport Enterprise SevKazEnergo LLP	-	1,212
JSC Eximbank Kazakhstan	-	178
	11,293	1,487

Other liabilities and accrued expenses (Note 28)

	31 December 2009	31 December 2008
JSC Eximbank Kazakhstan	-	137
	-	137

The following amounts arising as a result of related party transactions are included into the consolidated statement of comprehensive income for the years ended 31 December 2009 and 2008:

Revenue (Note 30)

	2009	2008
JSC Eximbank Kazakhstan	246	-
JSC CAPEC	53	43
JSC Cumulative Pension Fund Amanat Kazakhstan	-	109
	299	152

Cost of sales (Note 31)

	2009	2008
JSC CAPEC	78,340	-
Autotransport Enterprise SevKazEnergo LLP	-	3,545
	78,340	3,545

General and administrative expenses (Note 32)

	2009	2008
JSC JSRIF CAPEC Invest	28,659	
JSC CAPEC	15,656	1,381
JSC Eximbank Kazakhstan	15,025	20,725
MacCenter Kazakhstan LLP	1,510	
Autotransport Enterprise SevKazEnergo LLP	-	69
	60,850	22,175

Selling expenses (Note 33)

	2009	2008
JSC Eximbank Kazakhstan	7,821	92
Autotransport Enterprise SevKazEnergo LLP	-	195
	7,821	287

Finance costs (Note 34)

	2009	2008
JSC Eximbank Kazakhstan	171,244	178,919
A Energo Holdings Cooperatief U.A.	-	239,354
	171,244	418,273

Interest income (Note 35)

	2009	2008
JSC Eximbank Kazakhstan	775,009	209,613
JSC CAPEC	297,438	295,517
	1,072,447	505,130

Other income (Note 36)

	2009	2008
JSC Cumulative Pension Fund Amanat Kazakhstan	745	-
JSC CAPEC	(6,100)	
Autotransport Enterprise SevKazEnergo LLP	-	(18,853)
JSC Eximbank Kazakhstan	(45,230)	2,720
	(50,585)	(16,133)

Key personnel of the Group – In 2009 the compensation to the Board of Directors and other key personnel of the Group in the form of salary and bonuses amounted to 139,546 thousand tenge (2008: 140,122 thousand tenge).

39. ACQUIRED COMPANIES

The following significant acquisitions took place in 2008. Each acquisition of business was accounted for using the purchase method:

	Principal activity	Date of acquisition	Interest	Cost of acquisition, thousand tenge
Astanaenergosbyt LLP	Transmission and distribution of electric and heat energy	31 декабря 2008 г.	100%	66,000

On 31 December 2008 the Company acquired 100% share in Astanaenergosbyt LLP from Investment fund CAPEC Invest.

The distribution of acquisition price of acquired company in 2008 is based on the fair value of acquired assets, accepted liabilities and contingent liabilities. The net acquired assets and related profit from acquisition of company and goodwill are presented as follows:

	LLP Astana-energosbyt
Current assets:	
Cash and cash equivalents	36,699
Trade accounts receivable	1,753,738
Inventories	432
Advances paid	252,706
Taxes receivable and taxes prepaid	60,955
Other accounts receivable	112,689
Non-current assets:	
Property, plant and equipment	82,710
Intangible assets	14,994
Deferred tax asset	40,058
Other accounts receivable	4,931
Current liabilities:	
Short-term loans and interest payable	(250,222)
Trade accounts payable	(2,149,865)
Taxes and non-budget payments payable	(3,399)
Advances received	(589,234)
Other liabilities and accrued expenses	(38,470)
	(671,278)
Goodwill	737,278
Cash payment	66,000
Less cash and cash equivalents	(36,699)
	29,301

40. FINANCIAL INSTRUMENTS, RISK MANAGEMENT POLICY AND ITS OBJECTIVES

The Group's major financial instruments are bank loans, bonds, other financial assets and cash as well as accounts receivable and accounts payable. The main risks to the Group's financial instruments are liquidity risk and credit risk. The Group also monitors the market risk and interest rate risk arising on all of its financial instruments.

Categories of financial instruments – As at 31 December, financial instruments are as follows:

	2009	2008
Financial assets		
Other financial assets (Note 8)	15,265,150	1,925,457
Trade accounts receivable (Note 11)	5,535,024	4,417,679
Other accounts receivable (Note 14)	2,928,096	3,298,767
Cash and cash equivalents (Note 15)	1,000,434	243,332
Financial liabilities		
Bonds issued (Note 19)	8,908,678	3,592,538
Loans (Note 20)	12,546,491	10,018,342
Long-term accounts payable (Note 23)	109,119	100,325
Trade accounts payable (Note 25)	4,500,555	3,535,663
Other liabilities and accrued expenses (Note 28)	375,607	465,385
Obligations under finance lease (Note 21)	-	54,040

Capital risk management – The Group manages the risks associated with capital to ensure that the Group will be able to continue as a going concern while maximizing the tariffs and the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2006.

The capital structure of the Company consists of share capital, additional paid-in capital, revaluation reserve on property, plan and equipment and retained earnings as disclosed in the consolidated statement of changes in equity.

Summary of significant accounting policies – The information on significant accounting policies and accepted methods, including criteria of recognition, basis for measurement and basis on which revenue and expenses are recognized, with respect to each class of financial assets, financial liabilities and equity instruments is disclosed in Note 4 to the consolidated financial statements.

Objectives of financial risk management - Risk management is an essential element of the Group's operations. The Group controls and manages financial risks relating to operations of the Group by analyzing the risk exposure by the degree and amount of risk. These risks include market risk, liquidity risk and cash flow interest rate risk. The description of the Group's risk management policies follows.

Interest rate risk – The Group is exposed to interest rate risk since the Group receives the loans. The Group manages the risk by receipt of loans at floating and fixed interest rates. The Group views this risk as insignificant.

The Group's exposure to interest rate risk on financial assets and financial liabilities is reflected in the section on liquidity risk management in this Note.

The following sensitivity analysis was made with respect to exposure of interest rates on non-derivative instruments to interest rate risk as at the reporting date.

The following tables shows distribution of changes in interest expenses, interest rates and net interest expense between changes in the value and changes in the rate over the years ended 31 December 2009 and 2008. The fluctuations between the value and rate were calculated on the movement in average balances and change in interest rates on average liabilities on which interest is accrued.

As at the reporting date, the effect of change in interest rates on received loans and bonds of the Group:

	2009 Change due to increase		Total change	Change in interest rate, %
	Value	Rate		
Loans	346,231	156,831	503,062	1%
Bonds	584,775	-	584,775	-

If interest rates on liabilities were 100 basic points more/less and all the other variables, then the profit of the Group for the year ended 31 December 2009 would decrease /increase by 32,469 thousand tenge (2008: decrease/increase by 5,221 thousand tenge), but these changes would be compensated by the Group by changing tariffs on services of the Group. It relates to the Group's exposure to interest rate risk on its loan with a floating interest rate.

The Group's sensitivity to interest rates increased during the current period, mainly due to increase in loans as at 31 December 2009 compared to 31 December 2008.

Credit risk – Credit risk arising as a result of counterparties' failure to meet the terms of contracts with financial instruments of the Group is normally limited to the amounts, if any, by which the amount of liabilities of the counterparties exceed the Group's liabilities before these counterparties. The Group's policy provides for conducting of operations with financial instruments with a number of creditworthy counterparties. The maximum exposure to credit risk equals the carrying amount of each financial asset. The Group believes that its maximum exposure equals the amount of trade accounts receivable (Note 11) and other accounts receivable (Note 14) less provisions for doubtful debts recognized at the reporting date.

A credit risk concentration can arise if one borrower or a group of borrowers with similar operating conditions owe several amounts, in relation to which there are grounds to expect that changes in economic conditions or other circumstances may have the same impact on their ability to meet their obligations.

The Group has a policy providing for constant control over adequate credit history of customers with which the deals are concluded and over observance of the set crediting limits on transactions.

Market risk – The market risk involves a possible variation in the value of a financial instrument as a result of a change in market prices. The Group manages market risk by periodic evaluation of potential losses that may arise due to negative changes in the situation in the market.

Currency risk – The Group does not conduct sale or purchase operations denominated in foreign currencies. Accordingly, there is no risk of changes in exchange rates. However, the Group has liabilities denominated in foreign currencies. The Group minimizes the currency risk by monitoring the changes in exchange rates in which the liabilities are denominated.

The carrying value of monetary assets and liabilities of the Group in foreign currency as at 31 December 2009 and 2008 is as follows:

	Assets		Liabilities	
	2009 Thousand tenge	2008 Thousand tenge	2009 Thousand tenge	2008 Thousand tenge
US Dollars	2,973,965	-	4,503,584	1,226,172
Russian Ruble	4,890	-	48	-

Foreign currency sensitivity analysis - The Group is mainly exposed to a risk related to changes in exchange rates of the US dollar.

The following table details the Group's sensitivity to 10% increase in 2009 and 25% in 2008 in tenge against foreign currencies. Management of the Group believes that increase of foreign currency rate to tenge by 10% is realistic fluctuation in current economic situation. This rate of the sensitivity is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only balances denominated in foreign currency and adjusted by 10% at 31 December 2009 and 25% at 31 December 2008.

	Impact of US dollar	
	2009	2008
Financial assets	297,886	-
Financial liabilities	450,363	306,543

The Group's sensitivity to foreign currency increased in the current period, mainly due to additional receipt of US dollar loans, which resulted in the increase in the balance of loans in US dollars as at 31 December 2009.

Liquidity risk – The Group's shareholder is ultimately responsible for liquidity risk management since it created an appropriate system of liquidity risk management for management of the Group as per the requirements of management of liquidity and short, mid and long-term financing. The Group manages liquidity risks by maintaining sufficient provisions, bank loans and available credit lines by constant monitoring of predicted and actual cash flow and comparing maturity dates of its financial assets and liabilities.

The following tables show the Group's contract dates for its non-derivative financial assets and liabilities. The table was compiled based on the non-discounted movement of cash flows on financial liabilities using the earliest date that the Group could be made to make a payment. The table includes cash flows on both interest and principal.

The table on liquidity risks and interest rate risk as at 31 December 2009 is presented as follows:

	Weighted average effective interest rate	Up to 1 year	1-5 years	Over 5 years	Undefined term	Total
Non-interest-bearing:						
Trade accounts receivable	-	5,535,024	-	-	1,322,491	6,857,515
Other accounts receivable	-	2,928,096	-	-	123,035	3,051,131
Cash and cash equivalents	-	1,000,434	-	-	-	1,000,434
Long-term accounts payable	-	1,657	72,184	319,927	-	393,768
Trade accounts payable	-	4,500,555	-	-	-	4,500,555
Other liabilities and accrued expenses	-	375,607	-	-	-	375,607
Interest-bearing:						
Other financial assets	6.5%-12%	15,645,238	680,022	-	-	16,325,260
Bonds issued	9%-13%	3,022,635	3,097,474	9,859,152	-	15,979,261
Loans	12.5%-16%	4,476,845	9,012,977	1,996,004	-	15,485,828

The table on liquidity risks and interest rate risk as at 31 December 2008 is presented as follows:

	Weighted average effective interest rate	Up to 1 year	1-5 years	Over 5 years	Undefined term	Total
Non-interest-bearing:						
Trade accounts receivable	-	4,417,679	-	-	1,156,416	5,574,095
Other accounts receivable	-	3,252,444	-	-	96,960	3,349,404
Cash and cash equivalents	-	243,332	-	-	-	243,332
Long-term accounts payable	-	-	57,393	338,356	-	395,749
Trade accounts payable	-	3,535,663	-	-	-	3,535,663
Other liabilities and accrued expenses	-	465,385	-	-	-	465,385
Interest-bearing:						
Other financial assets	11%	1,138,418	1,031,191	-	-	2,169,609
Bonds issued	9%-13%	96,248	3,506,999	3,403,801	-	7,007,048
Loans	13%-14% and Libor +3%	4,087,493	6,328,968	2,772,845	-	13,189,306
Obligations under finance lease	12.5%	54,040	-	-	-	54,040

Fair value of financial instruments – Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, the Group uses assumptions in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument.

As at 31 December 2009 and 2008 the carrying value of all other financial assets and financial liabilities approximates their fair value.

41. COMMITMENTS AND CONTINGENCIES

Legal issues – The Group was and continues to be the subject of legal proceedings and adjudications which separately or in totality did not have a material impact on the Group.

As at the date of approval of these consolidated financial statements the Astanaenergosbyt LLP, subsidiary of the Company, is involved in a lawsuit with the main supplier of electric power, JSC Urban Electricity Nets, regarding the discrepancy of the data on the volumes of electric power transmitted by the networks of JSC Urban Electricity Nets for March, June, July, September and October 2009 for the total of 305,858 thousand tenge. On 25 March 2010, the Specialized interregional economic court of Astana city dismissed the suit of JSC Urban Electricity Nets against Astanaenergosbyt LLP on the obligation to recognize the volumes of electric power transmitted by networks. JSC Urban Electricity Nets went to court of appeal, as a result on 5 May 2010 the decision was made to oblige Astanaenergosbyt LLP to sign the acts of reconciliation with JSC Urban Electricity Nets on the volumes of electric power transmitted by networks and affirm court's ruling date 25 March 2010 in terms of refusal of JSC Urban Electricity Nets from the suit against Astanaenergosbyt LLP. On 19 May 2010 the Astanaenergosbyt LLP filed a writ of appeal on the ruling of the court of appeal. The management believes it is unlikely that the Astanaenergosbyt LLP will incur losses in connection with these proceedings and accordingly did not create provisions for contingent liabilities in these consolidated financial statements.

Taxation – The Government of the Republic of Kazakhstan continues to reform the business and commercial infrastructure in its transition to a market economy. As a result laws and regulations affecting businesses continue to change rapidly. These changes are characterized by poor drafting, different interpretations and arbitrary application by the authorities.

In particular taxes are subject to review and investigation by a number of authorities, which are entitled to impose severe fines, penalties and interest charges. Although the Group believes it has provided adequately for all tax liabilities based on its understanding of the tax legislation, the foregoing facts, possibly will lead to tax risks for the Group.

In 2009 the Group repaid the liability on penalties and fines and paid taxes on time on due dates.

Environmental issues – The Group's management believes that at the moment the Group follows current environmental laws and regulatory acts of the Republic of Kazakhstan. However, Kazakhstani environmental laws and regulatory acts may change in future. The Group's management is not able to foresee how and when the legislation changes. If changes happen, the Group might need to upgrade its technological equipment in order to meet new rigid requirements. In 2009 JSC Pavlodarenergo, subsidiary of the Company, introduced a system of ecological management according to the requirements of International Standard IOC 14001:2004.

At each reporting date, the Group's management estimates the future obligations and creates a provision for recovery of ash dumps as per the legislation of the Republic of Kazakhstan.

Insurance – As at 31 December 2009 and 2008, JSC Pavlodarenergo, subsidiary of the Company, insured production complexes of TETS-2, TETS-3 and oxygen shop. The Group did not insure the rest of the assets. Since the lack of insurance does not mean the decrease in the value of assets or occurrence of liabilities, no provision for unforeseen expenses relating to damage or loss of such assets was created in these consolidated financial statements.

Capital commitments – JSC Pavlodarenergo developed and agreed with the Agency of the Republic of Kazakhstan on regulation of natural monopolies the plan of capital investments for 2007-2013. Pursuant to this plan, JSC Pavlodarenergo is to invest 8,000,000 thousand tenge into production assets. In 2009 JSC Pavlodarenergo developed and agreed with the Agency of the Republic of Kazakhstan on regulation of natural monopolies and the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan the Additional investment program of reconstruction and technical upgrade for 2010-2015, whereby JSC Pavlodarenergo is to invest 21,769,470 thousand tenge into production. In October 2008 JSC Pavlodar Electricity Distribution Network Company agreed with the Agency of the Republic of Kazakhstan on regulation of natural monopolies the investment program for 2009-2013, whereby the Group plans to invest approximately 3,957,000 thousand tenge. The Group has no obligations in case of a failure to fulfill this program.

In May 2009 within the governmental program for 2009-2015 the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan and JSC SevKazEnergo, subsidiary of the Company, signed an agreement on investment liabilities of the group for 2009, whereby JSC SevKazEnergo Patropavlovsk should invest 1,446,877 thousand tenge into production assets. As at 31 December 2009 JSC SevKazEnergo discharged its liabilities in full.

In November 2009 the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan and JSC SevKazEnergo signed an agreement on investment liabilities of JSC SevKazEnergo for 2010, whereby the tariff for production of electric power since 1 January 2010 was increased by 13.8% and amounted to 4.10 tenge. Under this agreement, JSC SevKazEnergo should invest 2,011,000 thousand tenge into construction, upgrade and acquisition of property, plant and equipment to the end of 2010.

Tariffs – The Group approves with the Agency of the Republic of Kazakhstan on regulation of natural monopolies the tariffs on electric and heat energy. Management of the Group believes that it sets tariffs according to the legislation of the Republic of Kazakhstan.

Agreement with the European Bank of Reconstruction and Development – In 2009 the Company concluded an agreement on subscription with the European Bank of Reconstruction and Development (EBRD), whereby EBRD acquired 24.88% shares of the Company (Note 16). Pursuant to the terms of the agreement the Group is to meet a number of terms. Management of the Group believes that as at 31 December 2009 the Group did not violate any terms of the agreement and met all the requirements.

42. SUBSEQUENT EVENTS

Since 1 January 2010 and 10 January 2010 the Department of the Agency of the Republic of Kazakshtan on regulation of natural monopolies for Pavlodar region approved the increase in tariffs for JSC Pavlodarenergo for heat and electric power supplies on average by 14% and 16%, respectively.

Since 10 January 2010 Astanaenergosbyt LLP increased the tariff for electric power sales on average by 8%. This increase was agreed with and approved by the Agency.

On 13 January 2010 JSC Pavlodarenergo repaid liabilities in advance within the credit line agreement with JSC Halyk Bank of Kazakhstan in the amount of 300,000 thousand tenge.

In 2010 the decision of the Listing commission on inclusion of the bonds of JSC Pavlodarenergo and JSC SevKazEnergo into the official list of JSC Kazakhstani Stock Exchange in category of debt securities with rating evaluation came into effect. JSC Kazakhstani Stock Exchange and subsidiaries of the Company concluded an agreement on the listing of non-state emission securities.

In 2010 the JSC SevKazEnergo received short-term loans within the credit line with SB JSC Sberbank of 1,173.341 thousand tenge at an interest rate of 12% per annum. Within the credit line with JSC Eximbank Kazakhstan, the JSC SevKazEnergo received loans of 331,642 thousand tenge with maturity till 15 May 2012 and interest rate of 16%.