ANNUAL REPORT SAMRUK-ENERGY JSC 2014

SAMRUK ENERGY

2014

ANNUAL REPORT

Integrated Annual Report Samruk-Energy JSC

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Following the best practices of information disclosure, Samruk-Energy JSC presents Interactive Annual Report 2014 to all stakeholders. Interactive version provides a convenient functionality to explore information and the Report's data, as well as all annexes to the Annual Report.

CONTENT

1. ABOUT THE REPORT

This integrated report (hereinafter, the Report) of Samruk-Energy JSC presents material facts of the company's performance.

The Report provides all interested parties with a review of the results and achievements of Samruk-Energy Group of Companies' activity in the period from January 01 to December 31, 2014. Consolidated financial statements of the Company for 2014 as of December 31, 2014 and for 2013 as of December 31, 2013 stated herein are the outcome of the audit conducted by an independent auditor – PricewaterhouseCoopers LLP (PwC).

This Report also provides information on the Company's economic activities, sustainable development, and financial and operational results. Information and quantitative data are presented for 2014, but in order to compare and analyze the information in figures, we used the data for 2012 and 2013, where applicable.

The Company started issuing its non-financial reports in 2010. The Company's first Annual Report of 2009 results was published in 2010.

In 2011, along with the Annual Report, the Company published the Report on Sustainable Development of the Samruk-Energy Group of Companies that covers the period from January 01 to December 31, 2010. The previous Integrated Annual Report was published in May 2014.

The Company plans to publish an Integrated Report on an annual basis.

Process of determining the content of the Report

This Report has been prepared in accordance with the principles of the Global Reporting Initiative (hereinafter, GRI version G4) and Industry Protocol in the field of Electric Utility (Electric Utility, EU), IIRC (International Integrated Reporting Council), and also International Financial Reporting Standards. The table indicating the location of standard elements in the Report is attached to the Report (see Appendix 2: Table of Report's Compliance with GRI Guidelines).

Limitation on the scope and boundaries of the Report

- The Company is a management company, that does not perform production activities; therefore its impact on the environment is minimal. This Report contains consolidated information on the Samruk-Energy Group of Companies (hereinafter, also the Group of Companies or the Holding), which consists of 38 subsidiaries and affiliates, for the purpose of full disclosure of sustainable development indicators. The following organizations are exceptions:
- Forum Muider B.V. – managing company, a joint venture with RUSAL CJSC (50% of SE);
- Bukhtarma HPP JSC, Shulbinsk HPP JSC and Ust-Kamenogorsk HPP – are on lease and concession;
- Karagandahyproshakht & CoKaragandagiproshakht & K LLP is under fiduciary management;
- 10 other companies.

Data and calculation measurement techniques, including assumptions and techniques used to prepare indices, and other information included in the Report

Data sources include official reporting forms presented annually for state statistics' authorities. Several indices are collected and calculated according to internal reporting forms audited by the authorized representatives of companies based on the internal audit procedures.

The calculation, collection, and consolidation of production, social, and environmental indicators presented in the Report of the Company were carried out in accordance with the accounting principles and recommendations of the Guide to reporting on sustainable development version 4 (Global Reporting Initiative, GRI G4) and the Company's corporate management procedures. The probability of discrepancies of quantitative data for each category of indicators on sustainable development is minimized. Dependencies and specific values are supplemented by absolute values. Quantitative data are shown using a standard system of units, and were calculated by using standardized coefficients.

Statements concerning the future

Data pertinent to the future and presented in the Report are based on the forecast information. Words including "believes", "assumes", "anticipates", "estimates", "intends", "plans", and indicators marked as "plan", and similar expressions refer to a forecast statement. Forecast statements are effective only as of the Report issue date. The Company does not guarantee the anticipated performance results presented in the forecast statements will in fact be achieved; thus, they must not and may not be considered as the most plausible or standardized scenario.

Acknowledgment

The preparation of integrated annual reports plays an important role in improving the Company's information transparency and contributes to ameliorating the efficiency of internal business processes.

This Report has not undergone any independent acknowledgement of sustainable development indicators. The Company is aware that independent acknowledgement of sustainable development indicators helps improve the reliability and accuracy of the Company's performance results presented to the interested parties.

MESSAGE FROM THE CHAIRMAN OF SAMRUK-ENERGY JSC BOARD OF DIRECTORS

Kuanysh Abdugalievich Bektemirov

Chairman of the Samruk-Energy JSC Board of Directors

In 2014, the activities of the Board of Directors were aimed to protect the sole shareholders' interests, improve management quality and achieve key indicators. The Company continues to successfully increase its assets and implement investment projects. The Board of Directors passed decisions that will help focus on the priority activities.

Sustainable development of the electric power industry is currently an important factor of the country's economic growth and social development.

Rapid development rates of the electric power industry, advanced modernization of equipment for power plants and electric networks are necessary to intensify the development of Kazakhstan's economy and build new industrial plants, agricultural complexes and social facilities.

The industry has to cope with important tasks, such as switching to a new technological level, improving economic and energy efficiency, ensuring energy security and preventing negative environmental impacts.

Nursultan Nazarbayev, President of the Republic of Kazakhstan, and the RK Government have put a lot of emphasis on the development of the electric power industry. Most adopted program documents and successful projects are implemented in accordance with direct instructions given by the country's leader.

Republic of Kazakhstan Government Decree No. 724 dated June 28, 2014 approved the Republic of Kazakhstan Fuel and Energy Industry Development Concept by 2030.

Samruk-Energy JSC was the initiator and customer of the above Concept, which reflects proposals for a vision to modernize electric power industry. The Concept was developed with the participation of relevant ministries and agencies, including the Kazakh Electric Power Association, the Republic of Kazakhstan National Chamber of Entrepreneurs, the KAZENERGY Association and other energy companies, with the involvement of international consultants.

This document provides a clear vision of the development outlook for renewable energy sources along with traditional types of generation and pays particular attention to environmental protection, improvement of energy efficiency and introduction of innovations. All government priorities associated with sustainable development were stated in the Company's Long-Term Strategy by 2022.

Enormous work was done to increase the Company's share value. A deal to raise the interest in Ekibastuz SDPP-1 (State District Power Station) and Moynak HPP JSC to 100% was the most important step of the Company's long-term development strategy. These two big acquisitions help us attain the status of National Electric Power Industry Operator.

For the purpose of rapidly developing energy infrastructure, the Company's investment portfolio includes 15 projects, making it possible to resolve the issue of technological improvement of the Kazakh electric power sector and provide new opportunities for the socio-economic development of different regions. Five projects have been currently implemented under the Forced Industrial-Innovative Development State Program (SP FIID) and the Industrialization Map.

The most important projects include the construction of the Balkhash TPP jointly with investors from South Korea, the modernization of the Ekibastuz SDPP-1, and the construction of power unit No. 3 at SEGRES-2 jointly with Russian shareholders.

The Company has ambitious objectives and plans to launch new and promising projects. These include the reconstruction and extension of the Almaty TPP-1 and switching the plant to gas, construction of WPPs in the Shelek Corridor with up to 300 MW power capacity, as well as 31 small HPPs and wind power plants. These projects will considerably increase the share of green energy in the total output.

According to the annual results, the Group of Companies produced 28.2 billion kW/h or 30% of the total electricity generated by Kazakhstan's Unified Energy System (UES). In 2014, energy generating companies accounted for 38% or about 8,000 MW of the total power generated by plants.

In 2017, when the modernization program is scheduled for completion, the capacity of Ekibastuz SDPP-1 will reach 4,000 MW or 1/5 of the designed power generated by all of Kazakhstan's power plants. Control over the largest thermal power plant in the Central Asian region will reduce any energy deficit risks in the KUES, contribute to national economy growth through the social level rates' support and increase the export potentials. Last November's drop in the ruble suspended electricity supplies to Russia; however, exports to the Kyrgyz Republic started in December as part of the agreements reached by the leaders of the two countries.

The signing of an agreement to create the Eurasian Energy Corporation was an important event in the industry. The creation of a common electric power market means that the three member states engage in mutually beneficial cooperation of energy systems and preserve their national electric power markets.

The second privatization wave initiated by the RK Government was a significant aspect of correcting long-term plans. The sole shareholder approved a list of organizations and assets of the Group of Companies to be sold into a competitive environment by the late 2015. The following is being sold at a two-phase tender: 50% of the shares in Zhambyl SDPP JSC, 100% of the shares in Aktobe TPP JSC, 100% of the shares in VK REC JSC, a 100% interest in Shygysenergotrade LLP and 75% + 1 share in MDPGC JSC. It should be emphasized that Almaty Power Plants JSC will be sold excluding the Kapshagay HPP property complex that has a special status. Samruk-Energy JSC supported by the shareholder and the Government made a proper corporate decision to preserve government control over the strategic assets.

Sales of the Company's non-strategic assets to a sector of competitors will enable us to concentrate on core business development by building up energy facilities, introducing innovative technologies in large investment projects and reducing the environmental impact.

These objectives are also included in priority areas of transformation: programs for large-scale transformation of activities of the Fund and controlled portfolio companies that were launched in 2014 following a direct order, which was issued by the country's leader. Improvement of performance efficiency by introducing indicators in every business process along with the application of best practices, and identifying and eliminating drawbacks will result in a better integration and governance.

Implementation of the transformation program will make it possible to efficiently achieve new objectives set by the government and the shareholder before Samruk-Energy, respond to global challenges and provide new opportunities for the country's economy in the electric power industry so as to be included in the list of the world's TOP 30 leading countries.

MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Almassadam Maidanovich Satkaliyev

Chairman of Samruk-Energy JSC

For Samruk-Energy JSC, 2014 was a period of new challenges proving the need for further implementation of the Company's long-term development strategy. The Management Board focused on implementing the production investment program and projects, as well as building up assets.

The Company's total consolidated income over the reporting period surpassed 252.2 billion tenges, a 77% increase on actual income in 2013 (142.9 billion tenges). The consolidated final profit for the reporting period reached 15,947 million tenges, 75% more than the planned amount.

Financial indicators are associated with changes in the tenge exchange rate, the completed transaction for acquiring a 50% interest in EGRES-1, and the general decline in commercial demand for electricity. Moreover, the sudden drop of the ruble exchange rate had an impact on coal export income and led to suspension of electricity supplies to the RF in Q4.

The Company's strategy received practical approval during the period of recession and negative trends in the global economy. Controlling the energy resources, Samruk-Energy JSC promptly responded to the market situation and contributed to electricity depreciation for consumers.

In February 2015, EGRES-1 LLP, followed by SEGRES-2 JSC, reduced selling prices (previously set according to specific rates) from 8.8 to 8.65 tenges per kW/h. This measure will make it possible to encourage consumption in the industrial and retail sector on the domestic market and compensate losses from decline in electricity exports.

A capacity surplus is currently recorded in Kazakhstan's generation sector; although a critical gap between installed and available capacities was observed a few years ago. The 2009 introduction of cap rates provided EPO Group of Companies with an adequate mechanism for implementing long-term investment projects to modernize the generating equipment. In 2015, the Company's investments under the program "Rates in Exchange for Investments" reached 500 billion tenges.

Under this program, from 2009 to 2014 power units No. 2 and No. 8 with a capacity of 500 MW were put into operation at EGRES-1 and the surface of boiler units was replaced at EGRES-2. Apart from restoring generating facilities, cap rates helped implement projects curbing adverse environmental effects. For example, coal ash emissions at Ekibastuz SDPP-1 fell sixfold and the dust index is now below 400 mg/m3 instead of a previous 620 mg/m^3.

Therefore, the cap rate program yielded positive results permitting to preserve the existing capacities at production facilities and save electricity costs, reduce emissions of harmful substances into the environment and increase labor productivity.

The company continues to pay close attention to occupational safety and maintain a good psychological climate. A significant decline in the number of technological accidents and injuries was recorded in 2014. Social stability rating indicators also improved from 63% in 2013 to 69% in 2014, remaining above average in the rank scale.

As of forecasts for the economic situation in 2015, the company plans to optimize investment costs totaling 28,146 million tenges (23%) and current expenses amounting to 10,824 million tenges (6%). The reduction of the investment program will not affect the implementation of major and important projects of FIID-2 SP, the Nurly Zhol program and EXPO-2017 exhibits.

This reduction means optimizing our costs and postponing some investment projects. In general, this will not affect the reliability of plant performance and is conformant to the business transformation program.

Optimization will not affect social stability measures, either. The number of jobs at the Samruk-Energy Group of Companies will be preserved in 2015 and the employer's obligations under concluded collective agreements on personnel social security will be discharged in full.

Regardless of the market and economic situation, the Company pays regular attention to supporting social institutions in the areas where it operates, ensuring environmental protection, and encouraging the development of young generations.

3. KEY PERFORMANCE INDICATORS

30%
OF TOTAL ELECTRICITY GENERATED IN KAZAKHSTAN
28,217 mln kWh

38%
OF TOTAL INSTALLED CAPACITY OF PLANTS WITHIN THE KUES
7,959 MW

35.3%
% OF COAL MINED IN THE RK

69.9 thousand km
LENGTH OF CABLE AND OVERHEAD PTL 220-0.4 KV

PERFORMANCE INDICATORS

Name	UoM	2012	2013	2014	2014	2015	2016
		actl	actl	plan	actl	plan	plan
Electricity production volume	mln kWh	17,418	28,587*	26,770*	28,216*	24,152*	24,186
Electricity sales volume	mln kWh	5,626	8,133	8,484	8,605	8,958	6,401
Electricity transmission volume	mln kWh	8,395	11,859	12,197	12,344	12,702	6,685
Heat production volume	thousand Gcal	7,471	6,792.5	7,574	7,561	7,067	5,698
Coal production volume	million tons	44.0	41.7	41.3	38.0	37.0	39.0

*Production volume of electricity excluding the Irtysh chain of power plants.

KEY FINANCIAL AND ECONOMIC INDICATORS

Name	UoM	2012	2013	2014	2014 against 2013		2015	2016
				actl	deviation, %		forecast	forecast
Net income	billion tenges	18.76	40.85	15.94	39 %		25.29	39.19
EBITDA	million tenges	19,100	32,259	70,621	219 %		75,437	73,608
EBITDA Margin	%	20.2%	23.8%	39.7%	167 %		38.8%	61.0%
Operation profitability	%	20	33	6.5	20 %		14.2	42.1

INDUSTRIAL AND INNOVATION INDICATORS

Name	UoM	2010	2011	2012	2013	2014	2014	2015
						plan	actl	plan
The share of investment to develop and introduce new products and technologies (in % against Company costs)	%	3	4	43.21	13		-*	-*
Innovation and technological development rating	%				71	70	91.2	80

* According to the expectations of the shareholder, a new coefficient of performance – Innovation and Technological Development Rating – was introduced in 2013.

CORPORATE GOVERNANCE INDICATORS

Name	UoM	2010	2011	2012	2013	2014	2015
					actl	actl	plan
Corporate governance rating	%	39.7	61.9	65	- *	73.5	77

*No independent evaluation of corporate governance rating was conducted in 2013.

SOCIAL INDICATORS

Name	UoM	2012	2013	2014	2015
				actl	plan*
Degree of personnel engagement	%	-	63	65	-
Annual employee turnover	%	8.6	10.1	8.6	-
Number of accidents at work per thousand persons	Quantity 1,000 persons	0.85	0.48	0.02	Not planned
Local share in the procurement of goods	%	64	74	80	70**
Local share in the procurement of works and services	%	73	65	74	54**

*Forecast data (2013-2015 plan) are submitted in accordance with the Development Strategy of Samruk-Energy JSC for 2012 2022.

**Forecast data including indicators of subsidiaries and affiliates and implementation of investment projects.

4. ABOUT THE COMPANY

Samruk-Energy Joint-Stock Company was established on April 18, 2007 by the decision of the General Assembly of its founders to develop and implement a long-term government policy on the modernization of existing generating facilities and commissioning of new ones. The main founders are Kazakhstan State Asset Management Holding Samruk JSC and KazTransGaz JSC, which the Company was registered in Almaty, Kazakhstan on May 10, 2007.

On November 03, 2008, as a result of reorganization due to the merging of Kazakhstan State Asset Management Holding Samruk JSC and Kazyna Sustainable Development Fund JSC, the Company's shareholder became the National Welfare Fund Samruk-Kazyna JSC, a legal successor of Kazakhstan State Asset Management Holding Samruk JSC.

In May 2010, the Company moved from Almaty to Astana.

At present, Samruk-Energy JSC is a holding company managing energy and coal enterprises in the territory of the Republic of Kazakhstan.

The Company's assets include the largest generating companies, including plants of national importance such as Ekibastuz SDPP-1 and SDPP-2, Zhambyl SDPP, as well as other plants producing thermal and power energy in the Almaty Region and in Aktobe; the main hydraulic power plants of the Republic, parts of Irtysh cascade HPP and HPPs in the country's southern regions (Shardarinsk and Moynak HPP) are represented. The Company's assets also include regional distribution networks and retail companies of the Almaty Region, Mangistau, East Kazakhstan Region, and Kazakhstan's biggest coal producer Bogatyr Komir LLP, which delivers coal to the Group's generating facilities and third parties operating both in Kazakhstan and Russia.

MISSION, VISION, AND VALUES

Mission

Maintaining high rates of the country's economic development and improving the living standards of Kazakhstan population, ensuring reliable and efficient electricity production, thermal energy and coal within the framework of global energy and environmental initiatives through a sustainable development.

Vision

National operator in the field of electricity generation; competitive operating holding company of Eurasian importance.

Values

Meritocracy:
justice and objectivity in evaluating contributions and achievements

Respect:
respect for other team members

Honesty:
honesty within the Company and toward its partners

Openness:
openness and transparency in contacts and cooperation with partners

Team spirit:
collective responsibility for achieving the highest performance results

Trust:
loyalty to a culture of mutual aid and trust

Principles of work

We also share global voluntary principles formed in January 2012 by the largest energy companies at the World Economic Forum Summit in Davos:

Principle 1.
Reliability and availability of energy sources

We strive to make energy sources reliable and available in order to meet the demand of the world's growing population. We wish to work on this task through cooperation with government agencies and civic society, which grant us licenses and powers to perform operations and ensure the legal and regulatory framework guaranteeing stable investments in the energy sector.

Principle 2.
Efficient energy systems

Our objectives include efficient energy production, transmission and supply, promotion of efficient energy consumption management by consumers, reduction to zero of adverse impacts on the environment and the climate, and we always take into account the consequences of our activities for the next generations.

Principle 3.
Responsible civil conduct

We strive to deepen our understanding of the company's needs and aspirations, be responsible corporate citizens and constructive partners interacting with civic society and governments inspired by cooperation and transparency.

Principle 4.
Contribution to economic development

We contribute to economic growth, employment promotion and the introduction of innovations in companies we work in, that pay special attention to strengthening companies associated with energy sector performance.

Principle 5.
Energy literacy improvement

We help improve energy literacy and implement a policy based on facts and development through accurate and unbiased information.

STRATEGIC AREAS, OBJECTIVES AND TASKS BY 2022

The strategic importance of the growth of electric energy industry depends on its important role in each country's socio-economic development. In order to achieve the objectives and implement the initiatives of the Republic of Kazakhstan Government, the Company is to modernize and further improve Kazakhstan's electric energy sector.

In the process of accomplishing its mission and achieving the required results, the Company is working toward three strategic areas:

Ensuring Kazakhstan's energy security

Increasing the value of the share capital

Embracing Social responsibility

Area: Ensuring Kazakhstan's energy security

Objective: To ensure reliable coal and electricity supplies, and maintain the KUES stability.

The achievement of this objective by Samruk-Energy will be based on the following task completions.

1. Granting the status of National Operator in the field of electricity generation to Samruk-Energy.

The status of National Operator will contribute to the industry's stable development of the industry by ensuring electric energy security, improving the reliability of domestic supplies and the efficient use of Kazakhstan's resources.

2. Controlling plants of national importance.

Samruk-Energy intends to obtain a controlling block of shares (interests) in plants of national importance, which will increase government control over these assets and help maintain the KUES stability.

Today, Samruk-Energy controls Moynak HPP and ES-DPP-1 and plans to take over eastern HPPs (upon expiration of the concession period) in the coming years.

3. Optimizing generation structure.

It is planned to build and extend HPP facilities, which will increase maneuvering facilities' share in the generation portfolio of Samruk-Energy, which will permit to reduce dependence on electricity imports.

4. Ensuring reserve capacities

The Company plans to organize a capacity reserves by increasing available capacities, which will help improve the security of the country's electric energy system.

Area: Increasing the value of the share capital

Objectives: to transform Samruk-Energy; protect the interests of shareholders; successfully place Samruk-Energy shares (people's IPO); ensure the financial stability of the holding; optimize the asset structure of the holding; participate in commercially reasonable projects.

1. Implementing the Samruk-Energy Transformation Program

In 2014, the Fund initiated a program for transforming business of the Fund and its subsidiaries and affiliates to achieve this objective.

Given this initiative, Samruk-Energy will start transforming its business in three key areas:

- Improving the value of portfolio companies;
- Changing the portfolio structure;
- Changing the distribution of powers and responsibilities.

2. Placing Samruk-Energy shares under the People's IPO program

The implementation of the People's IPO program will help develop Kazakhstan's securities market and the economy in general by attracting funds from private Kazakh investors, the population and pension funds, improving the financial literacy of the population and ensuring conditions that will enable a large number of public and private companies to enter the stock market.

3. Participating in the development of a stable rate-making system.

Samruk-Energy will participate in improving the laws on

rates for energy generating organizations, by initiating amendments to RK electricity energy laws and regulations.

4. Improving corporate governance.

Samruk-Energy has a strategic objective to significantly improve the Company's corporate governance level and make corporate governance rating surpass 75% in 2015 (75% in 2015 and 85% in 2022 (see Figure 3.1) by concentrating its efforts on the following development areas, allowing to improve the quality of corporate governance:

- updating the Code of Corporate Governance;
- differentiating competence;
- increasing the Board of Directors' control over related-party transactions;
- pursuing a hiring policy for the Board of Directors;
- improving policies and mechanisms aimed at preventing fraud and corruption;
- introducing and updating policies and procedures aimed at settling conflicts of interest at Samruk-Energy subsidiaries and affiliates;
- formalizing and updating risk management. This activity implies approving and revising the key parameters in the field of risk management, and approving target key risk indicators;
- systematizing activities in the field of sustainable development;
- preparing a mid-term development plan on a rolling basis;
- automating processes of planning, budgeting, forecasting and preparing internal reports;
- formalizing requirements for transparency and information disclosure;
- disclosing information about the remuneration of members of the Management Board and the Board of Directors;
- regular and timely information disclosure on the corporate website;
- introducing and formalizing external and internal audit processes;
- preparing the company's report on the financial and business results' performance according to the IFRS Guideline "Management Comment";

5. Diversifying business into related production;

6. Privatizing assets.

This objective implies rationalizing the structure of different assets of Samruk-Energy as there are certain inconsistencies between asset and income structure at present.

These inconsistencies will be optimized over the next 10 years. In particular, distribution and sales assets and some generating low-profitable assets are planned to be sold to competitors, and the share of strategic and commercial assets will be increased.

Nine assets have been chosen to be sold on open market in 2014 and 2015 according to the Complex Privatization Plan for 2014–2016 of Samruk-Energy Group of Companies:

7. Consolidating strategic assets;

8. Investing and purchasing interests in core assets, both domestically and globally;

9. Initiating innovative development.

This objective is particularly important due to the capital and research content of the electric energy sector. The Company is aware of the importance of innovation and technological development and regularly improves its stock of equipment, ensures comprehensive automation of the entire company and uses advanced technologies to improve the energy efficiency of its production process.

Area: Social responsibility

Objectives: Ensuring social stability; reducing workplace accidents; and providing environmental protection.

Providing sponsorship support to non-governmental organizations and participating in government social responsibility programs.

An annual report on the scope of sponsorship and charitable aid was submitted to the Corporate Fund SK-Astana on February 20, 2015 at the time indicated in the Policy on providing sponsorship and charitable aid by Samruk-Kazyna JSC. The total amount of sponsorship and charitable aid amounted to 575,175,000 tenges, including sponsorship aid totaling 564,782,000 tenges and charitable aid totaling 10,393,000 tenges. According to the 2013 results, this indicator reached 127,514,000 tenges.

Including the key performance indicator (KPI) "Number of workplace accidents per thousand persons" in the KPI cards of the first managers of the Companies and its subsidiaries and affiliates.

The key performance indicator (KPI) "Number of workplace accidents per thousand persons" was included in the KPI cards of the first managers of the Companies and its subsidiaries and affiliates.

Using clean coal technologies: introducing the technology of higher steam parameters.

Implementation of the project "Extension and reconstruction of Ekibastuz SDPP-2 and installation of power unit No. 3" implies putting into operation a boiler turbine unit with higher steam parameters before the turbine: 24 MPa pressure and 566 ºC temperature. Project implementation period: 2010–2017.

The Plan of Measures aimed at implementing the Samruk-Energy JSC Development Strategy for 2012–2022 was approved in order to achieve the objectives in the above strategic areas (decision of the Company's Board of Directors dated February 27, 2013).

Amendments to the Plan of measures aimed at implementing the Samruk-Energy JSC Development Strategy for 2012–2022 were introduced on December 15, 2014 by the decision of the Company's Board of Directors.

BUSINESS MODEL

Priority areas of operations and main products:

- Electricity generation;
- Heat energy generation;
- Electricity transmission and distribution;
- Electricity sale;
- Power-generating coal mining;
- Renewable energy sources;
- Reconstruction, extension and construction of energy assets;
- Generation of planned quantities of electricity and heat energy;
- Reduction of electricity loss in networks;
- Minimization of harmful environmental impacts;
- Reduction of specific fuel consumption, optimization of equipment operation modes;
- Operation of energy equipment in compliance with effective regulatory requirements;
- Restoration, modernization, and reconstruction of existing generating capacities and construction of new ones.
- In 2014, electricity generation in the Republic of Kazakhstan reached 93,935.2 million kWh, 1,962.5 million kWh or 2.1% more than in 2013 (91,972.7 million kWh).

Samruk-Energy JSC power plants (SDPP-1, SDPP-2, ZSDPP, APP, Aktobe TPP, Shardarinsk and Moynak HPP) generated 28,216 million kWh or 30% of the electricity produced in Kazakhstan.

In 2014, electricity consumption in the Republic of Kazakhstan reached 91,660.9 million kWh, 2,020.1 million kWh or 2.3% of increase compared to 2013 (89,640.8 million kWh).

BUSINESS MODEL

Coal extraction and sale

Samruk-Energy JSC owns the Republic of Kazakhstan's largest coal mining company Bogatyr-Komir LLP (50%) and trading company Resursenergougol LLP, which exports to the Russian Federation. Most coal mined by the company is supplied to power plants of the Samruk-Energy JSC Group, other power plants of the Republic of Kazakhstan and the Russian Federation, and local utility companies.

Generation

The Group of Companies owns 38% of available RK facilities. The group also includes generating assets such as SDPS-1 LLP, SDPS-2 LLP, ZSDPP JSC, AIPP JSC, Moynak HPP JSC, Aktobe CHP JSC, First Wind Power Plant LLP and other generating companies, accounting in total for over 30% of total electricity generated in the Republic of Kazakhstan. Total electricity generated by Samruk-Energy JSC amounts to 28.2 billion kWh.

Wholesale market

The electricity wholesale market is represented by generating companies of national importance, as well as large consumers, including KEGOG JSC, AstanaEnergoSbyt LLP, Kazfosfat LLP, Almatyenergosbyt LLP, Temirzholenergo LLP, Inter RAO JSC and other large consumers.

Transmission, distribution

Electricity is transmitted and distributed primarily via main networks of KEGOG JSC and networks of regional energy companies (REC). The Samruk-Energy JSC Group includes several regional distribution companies such as AZhK JSC, VK REK JSC and MREK JSC.

Retail market

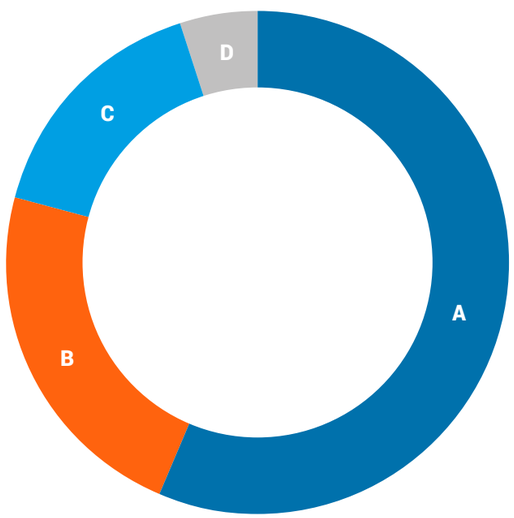
The electricity retail market is represented by energy-selling companies (ESC). ESCs sell electricity to the population, SMBs, and other public, industrial and institutional consumers. Under bilateral agreements, ESCs buy electricity from generating companies and sell it to retail consumers, having also signed bilateral agreements with them. The Samruk-Energy JSC Group includes two ESCs: AlmatyEnergoSbyt LLP and Shygysenergytrade LLP.

Consumption

The number of personal accounts of household, industrial and institutional consumers of AlmatyEnergoSbyt LLP and Shygysenergytrade LLP totals 229,376, including 1,181,705 personal accounts of household consumers, 2,763 personal accounts of industrial consumers, 3,255 personal accounts of public consumers, and 40,653 personal accounts of other consumers (including commercial ones).

PROFITS BY BUSINESS SEGMENTS

- A Electricity generation 57%
- B Electricity transmission, distribution and sales 23%
- C Coal mining 16%
- D Other operations 5%



ASSET STRUCTURE

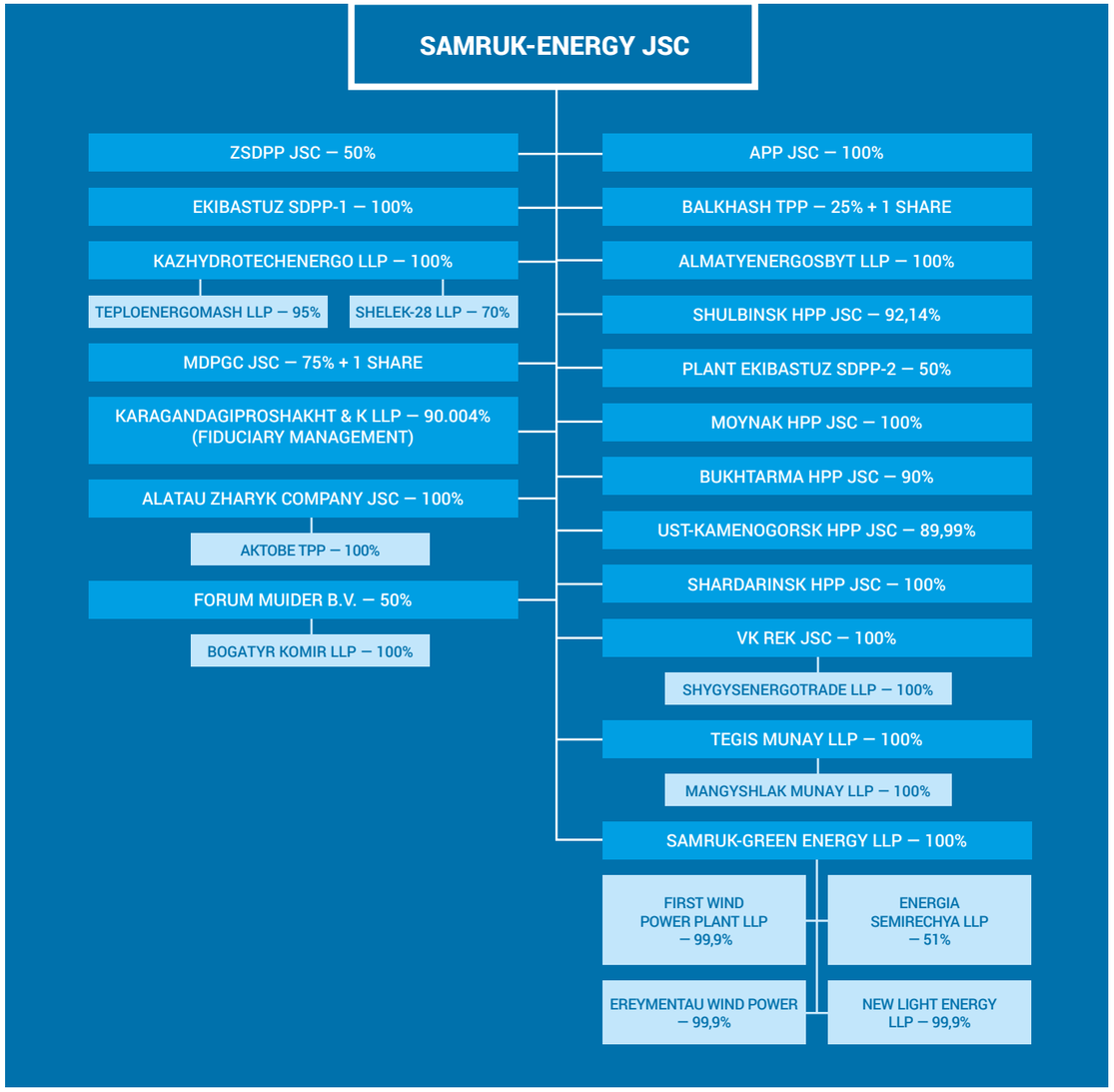
Today the Company is a large multi-industry energy holding company successfully integrated into international energy balance, forming a highly efficient power supply system and ensuring all Kazakhstan's industries' sustainable development.

According to the Company's Development Strategy, Samruk-Energy JSC plans to focus its industrial operations on electricity generation. For this reason, the Company concluded several transactions to acquire interests in generating assets in 2014. Additional steps were implemented to sell low-profitable non-generating assets on the open market.

A transaction to acquire a 50% interest in Bulat Nurzhanov Ekibastuz SDPP-1 LLP and a 100% interest in Kazhydrotechenergo LLP was completed in April 2014.

A transaction to acquire a 49% interest in Moynak HPP JSC was completed in July 2014.

ASSET STRUCTURE OF SAMRUK-ENERGY JSC



PRIVATIZATION OF SAMRUK-ENERGY JSC ASSETS

In order to sell low-profitable non-generating assets and comply with Decree No. 280 of the Republic of Kazakhstan Government dated March 31, 2014 “On Certain Privatization Aspects”, lists of organizations and assets of the Samruk-Kazyna JSC Group of Companies to be sold on the open market, were approved.

According to the Comprehensive Privatization Plan approved by the Government, the Company prepared plans for privatizing each asset to be sold:

Company	Privatized percentage of the share	Completion status
Zhambyl SDPP JSC	50%	• Agreement for purchase and sale of 50% of shares in ZSDPP JSC dated March 31, 2015 No. KP-43, the main procedure for selling the asset as part of privatization was completed
Aktobe TPP JSC	100%	• Measures are taken on realization of the asset (the way - a two-stage open tender)
VK REK JSC	100%	• Measures are taken on realization of the asset (the way - a two-stage open tender)
MDPGC JSC	75% + 1 share	• Measures are taken on realization of the asset (the way - a two-stage open tender)

Company	Privatized percentage of the share	Completion status
Shygysenergotrade LLP	100%	• Measures are taken on realization of the asset (the way - a two-stage open tender)
AZhC JSC	100%	• Measures are taken on realization of the asset (the way - a two-stage open tender)
APP JSC	100%	• Measures are taken on realization of the asset (the way - a two-stage open tender)
AlmatyEnergoSbyt LLP	100% interest	• Measures are taken on realization of the asset (the way - a two-stage open tender)
Tegis Munay LLP	100% interest	• Measures are taken on realization of the asset (the way - a two-stage open tender)

RESTRUCTURING ASSETS, REORGANIZING, PURCHASING AND CREATING NEW COMPANIES

1. Moynak HPP JSC

The decision of the Board of Directors (Minutes No. 84) "On Acquiring a 49% Interest in the Moynak Hydroelectric Power Plant" by concluding an interested party transaction was received on April 04, 2014.

Put into operation in 2012, Moynak HPP has been a new power plant and its core and auxiliary equipment, meeting the current international standards, shows no physical deterioration. This plant is a highly maneuverable HPP regulating the balance of supply and consumption of electricity and capacity in the Almaty generation center. In the case of an emergency decline in electricity generation from other power plants, Moynak HPP, following the KUES System Operator's order, regulates the balance of supply and consumption of electricity and capacity across the entire southern energy zone in Kazakhstan.

Samruk-Energy JSC plans to obtain the status of National Operator in the field of electricity generation in the RK and thus the ownership of a 100% interest in Moynak HPP JSC will allow the plant to determine its operation areas. Decisions on the financial and business activities of Moynak HPP JSC not only will be adopted through shareholder's interests, but interests of the electric energy industry that help improve energy security in the Republic of Kazakhstan will be taken into account.

Agreement No. KP-78 for the purchase and sale of 49% of ordinary shares in Moynak Hydroelectric Power Plant was signed on June 16, 2014.

2. Ekibastuz SDPP-1 LLP

The decision of the Board of Directors (Minutes No. 84) "On the Company's Acquisition of a 50% Interest in the Authorized Capital of Ekibastuz SDPP-1 LLP and a 100% Interest in the Authorized Capital of Kazhydrotechenergo LLP" was received on July 04, 2013.

The report on acceptance and delivery of a 50% interest in the authorized capital of Ekibastuz SDPP-1 LLP was signed on March 31, 2014.

According to the Company's Strategy by 2022 (Minutes No. 69 dated February 27, 2013) and the Plan of measures aimed at implementing the development strategy of Samruk-Energy JSC (Minutes No. 73 dated May 20, 2013), the optimization of the holding's assets is one of the priority targets within the framework of the strategic area "Appreciation of equity capital". The optimization of the asset structure by creating an operating holding implies a majority ownership interest in the plants of the Ekibastuz fuel and energy complex, including the acquisition of a 50% interest in Ekibastuz SDPP-1 LLP.

3. Kazhydrotechenergo LLP

The decision of the Board of Directors (Minutes No. 84) "On the Company's Acquisition of a 50% Interest in the Authorized Capital of Ekibastuz SDPP-1 LLP and a 100% Interest in the Authorized Capital of Kazhydrotechenergo LLP" was received on July 04, 2013.

Within the "Social Responsibility" area, environmental protection is a priority target (implementation of a green economy strategy); therefore, the acquisition of Kazhydrotechenergo LLP is one of Samruk-Energy JSC priorities. The LLP designs and builds assets for using RES, autonomous engineering devices and facilities related to them so as to generate electricity and (or) thermal energy using RES (projects: Construction of 7 small Kazhydrotechenergo HPPs).

KEY EVENTS IN 2014

APRIL 8	APRIL 4	MAY 16	MAY 22-25	MAY 30
Samruk-Energy JSC completed procedures for purchasing a 50% interest in Bulat Nurzhanov Ekibastuz SDPP-1 LLP and a 100% interest in Kazhydrotechenergo LLP from the Kazakhmys PLC Group.	Almaty Power Plants JSC was awarded a 3rd degree diploma in the category "Best industrial company employer with over 2,000 workers", according to the Senim-2014 contest results.	The new closed power plant Esentay with a capacity of 126 MVA was put into operation in Almaty.	A summit meeting of leaders of the world's energy sector was held at the 7th Astana Economic Forum dedicated to "Energy sector in the transition period: opportunities and emerging risks".	The Samruk-Energy corporate mall appeared in Astana.

SEPTEMBER 9	DECEMBER 1	DECEMBER 5	DECEMBER 14	DECEMBER
The second sports festival among workers of the Samruk-Energy JSC Group of Companies was held in Astana.	Kazakh electricity began to be supplied to the Kyrgyz Republic. The Samruk-Energy JSC subsidiary (Zhambyl SDPP JSC) generates 230 MW of electric capacity for the needs of the KR energy system.	A memorandum of understanding was signed between Samruk-Energy JSC and Electricité de France (EDF).	Samruk-Energy JSC and the Chinese International Water and Energy Corporation (CIWEC) signed a memorandum of cooperation for the development of the Shelek area and redirection of the Kensu River flow to the Bestiubinsk water reservoir.	A report of the working acceptance committee was received and power unit No. 2 of Ekibastuz SDPP-1 LLP was put into operation.

STATE AWARDS IN 2014

1	**Almassadam Maidanovich Satkaliyev**	Parasat medal	Chairman of Samruk-Energy JSC
2	**Adik Abenovich Berdenov**	Kurmet medal	Manager of TPP-2 Turbine Department, Almaty Power Plants JSC
3	**Berik Serikovich Smagulov**	Eren Enbegi Ushin Republic of Kazakhstan medal	Bogatyr cutting excavator operator,Bogatyr Komir LLP
4	**Talgat Mamyrkhanovich Kusainov**	Eren Enbegi Ushin Republic of Kazakhstan medal	Chief Engineer,Eastern Kazakh Regional Energy Company JSC
5	**Fuat Mukhametalievich Bayandinov**	Eren Enbegi Ushin Republic of Kazakhstan medal	Electrician in charge of distribution networks of Left bank DPS, Eastern Kazakh Regional Energy Company JSC
6	**Valery Konstantinovich Laptev**	Eren Enbegi Ushin Republic of Kazakhstan medal	Power grader operator, Department of Technological Transport, Bogatyr Komir LLP
7	**Sabriden Seytkanov**	Eren Enbegi Ushin Republic of Kazakhstan medal	Senior foreman, Department of Thermal Automatics and Measurements, Ekibastuz SDPP-2 JSC
8	**Ivan Mikhailovich Potudansky**	Republic of Kazakhstan Diploma of Merit	Senior foreman of boiler equipment, Boiler Department, TPP-3, Almaty Power Plants JSC
9	**Arman Zhenisovich Nurgozhin**	Republic of Kazakhstan Diploma of Merit	Senior operator of power unit 8, Boiler Turbine Department 1, B. Nurzhanov Ekibastuz SDPP-1 LLP

INTERNATIONAL COOPERATION

On May 22, 2014, at the 7th Astana Economic Forum, Samruk-Energy JSC and the American company Primus Power, Inc. signed a memorandum of understanding, under which the parties intend to study the potential of strategic relationships, which makes cooperation and potential mutually beneficial development opportunities possible to organize business in accumulation technologies' field in Kazakhstan. The project "Production of energy accumulating batteries" is planned to be implemented jointly with Primus Power within this cooperation. Furthermore, in May 2014, at the 7th Astana Economic Forum, Samruk-Energy JSC and the American company Xicato signed a memorandum of understanding, under which the parties intend to launch and develop cooperation in the field of light-emitting diodes in Kazakhstan.

On June 19, 2014, at the Kazakh-Korean Business Forum, Samruk-Energy JSC and Korea Water Resources Corporation signed a memorandum of understanding, under which the parties intend to cooperate in the field of water power engineering by exchanging information, experience and visits.

In August 2014, Samruk-Energy JSC and the Chinese company SEPCO III Electric Power Construction signed a confidentiality agreement on sales of production in the renewable energy source field.

On November 27, 2014, at the 25th Session of the Energy Charter Conference, Ereymentau Wind Power LLP and the European Bank for Reconstruction and Development signed a credit agreement on financing the project "Wind Farm Construction near Ereymentau with a Capacity of 50 MW and Future Expansion to 300 MW".

On December 05, 2014, during the visit by French President in the Republic of Kazakhstan, Samruk-Energy JSC and the French company Electricité de France signed a new memorandum of understanding, due to expiration on November 09, 2014 of the Memorandum dated November 09, 2012. The signed Memorandum reflects cooperation areas including energy efficiency, generation, electric networks, training courses, and renewable energy sources, etc.

On December 14, 2014, at the first Kazakh-Chinese Business Council, Samruk-Energy JSC and the Chinese International Water and Energy Corporation signed a cooperation memorandum in the field of investment and development of the Shelek area and redirection of the Kensu River flow to the Bestiubinsk water reservoir.

The summit meeting of the world's energy sector leaders was one of the key events, which was held in May 2014 at the 7th Astana Economic Forum, under the auspices of the Republic of Kazakhstan Government in cooperation with the World Energy Council (WEC) and the KAZENERGY Association. Almassadam Maidanovich Satkaliyev, Chairman of Samruk-Energy JSC, is the Chairman of the Kazakh National WEC Committee.

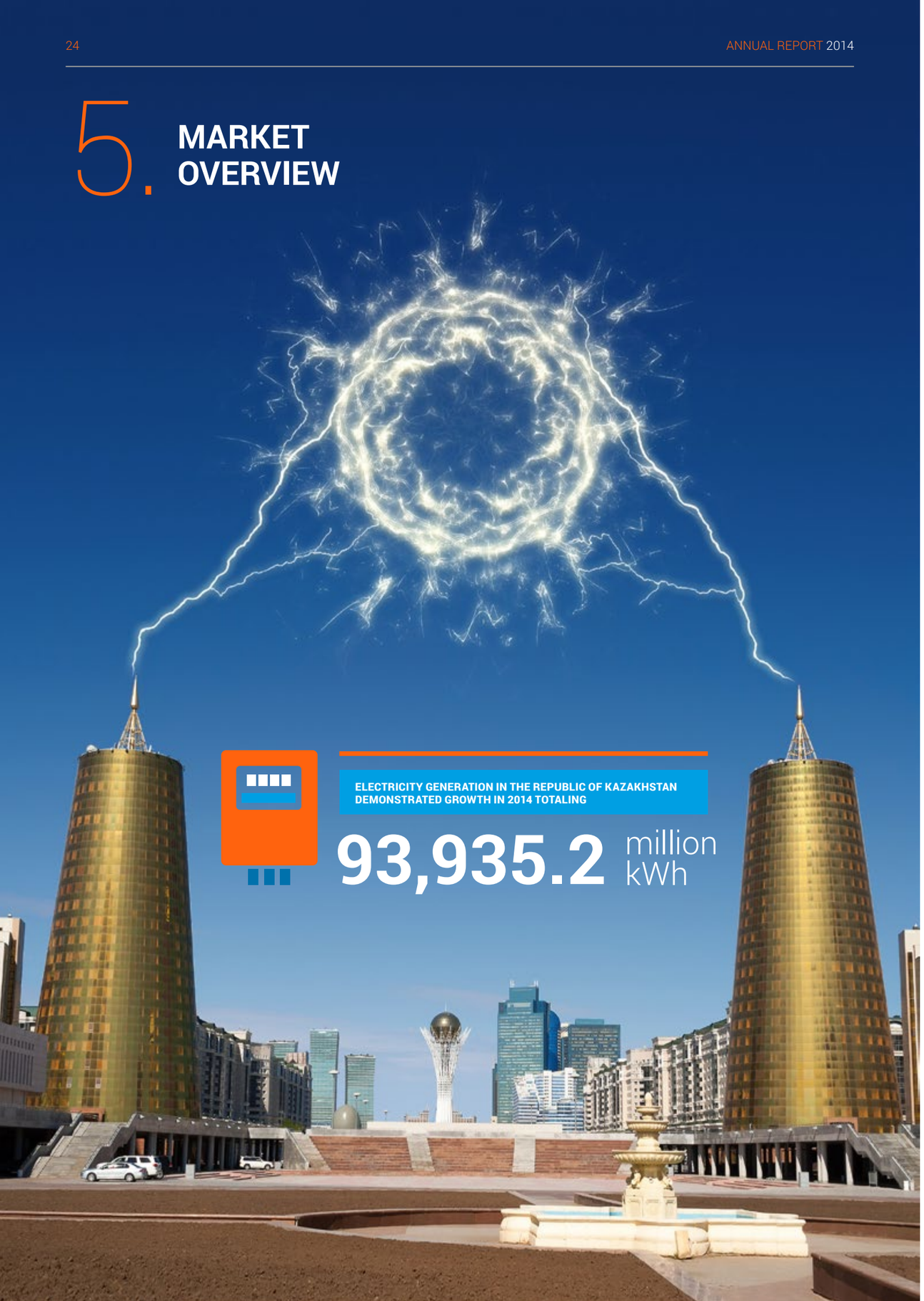
Consequences of the shale gas revolution, further steps in the field of energy accumulation technologies, opportunities associated with the development of the regional energy infrastructure and autonomous energy opportunities were considered at the Astana Summit where energy ministries and heads of major energy companies participated.

This event helped position the Republic of Kazakhstan as one of the successfully developing countries in the energy sector, strengthening mutually beneficial cooperation, and establishing direct contacts between energy societies.

The summit is one of many central events in the industry-specific international community held in the CIS for the first time. Also, the fact that it was held in Kazakhstan means that our country is recognized and highly reputed in this important international non-governmental energy organization.

Representatives of the international energy community attended the summit, including heads of the energy ministries of different countries, heads of international companies, chairmen of National WEC Committees and experts of non-governmental organizations and associations. Republic of Kazakhstan Prime Minister K. Masimov gave a welcome speech to Summit participants and emphasized the importance of harmonizing traditional energy and renewable energy sources, and the demand for environmental energy security in the development of the global energy sector. He underlined the importance of holding EXPO-2017 – an international exhibition – dedicated to "Energy of the Future" for the sustainable development of the energy sector.

5. MARKET OVERVIEW



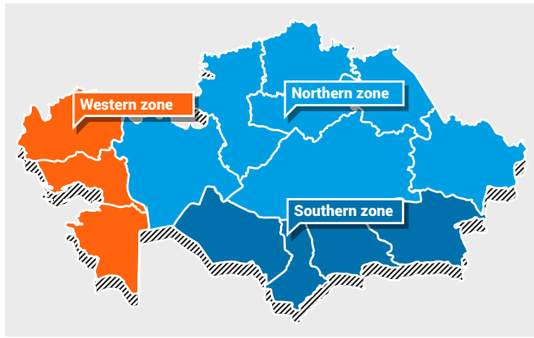
ELECTRICITY MARKET

ELECTRICITY GENERATION IN THE REPUBLIC OF KAZAKHSTAN BY TYPES OF PLANTS

Electricity generation, million kWh	2013	2014	2014 against 2013	%
TPP	77,622.0	78,772.9	1,150.9	101.5
HPP	7,701.0	8,235.8	534.8	106.9
GTPP	6,645.8	6,915.9	270.1	104.1
WF	3.1	9.4	6.3	303.2
SPP	0.8	1.2	0.4	150.0
Total	**91,972.7**	**93,935.2**	**1,962.5**	**102.1**

Source: The National Dispatch Centre of the System Operator, KEGOC

Geographically, the RK electricity market is divided into three zones:



Northern zone: Akmola, Aktyubinsk, East-Kazakhstan, Karaganda, Kostanay, Pavlodar, North-Kazakhstan regions and Astana are included. 77% of Kazakhstan's total electric energy is produced in the northern zone. The most important coal deposits and water energy resources are located in the northern zone.

As a result, the northern zone is characterized by quite low costs of electricity production. Electricity surplus is supplied to the southern zone, where energy deficits are recorded, and exported to the Russian Federation.

Southern zone: Almaty, Zhambyl, Kyzyl-Orda, South-Kazakhstan regions and Almaty are included. The deficit is compensated by supplies from the northern zone and partly from the UES of the Central Asia.

Western zone: Mangistau, Atyrau, and West-Kazakhstan regions are included. It has considerable deposits of hydrocarbons. However, this zone is characterized by an energy deficit and compensates it by supplies from the Russian Federation.

Companies incorporated in large industrial holdings have lately been competing with Companies of Samruk-Energy Group. This is mostly due to the following two factors:

1. Decline in production of major industrial groups and availability of electricity surplus for sale in the RK domestic market.

2. Lower electricity prices offered by competitors as they are interested in maintaining a low level of electricity prices to support competitiveness of core products (primarily metals) on global markets.

Competitive environment on the electricity market

The following energy generating companies were the largest competitors in the electricity wholesale market in 2014:

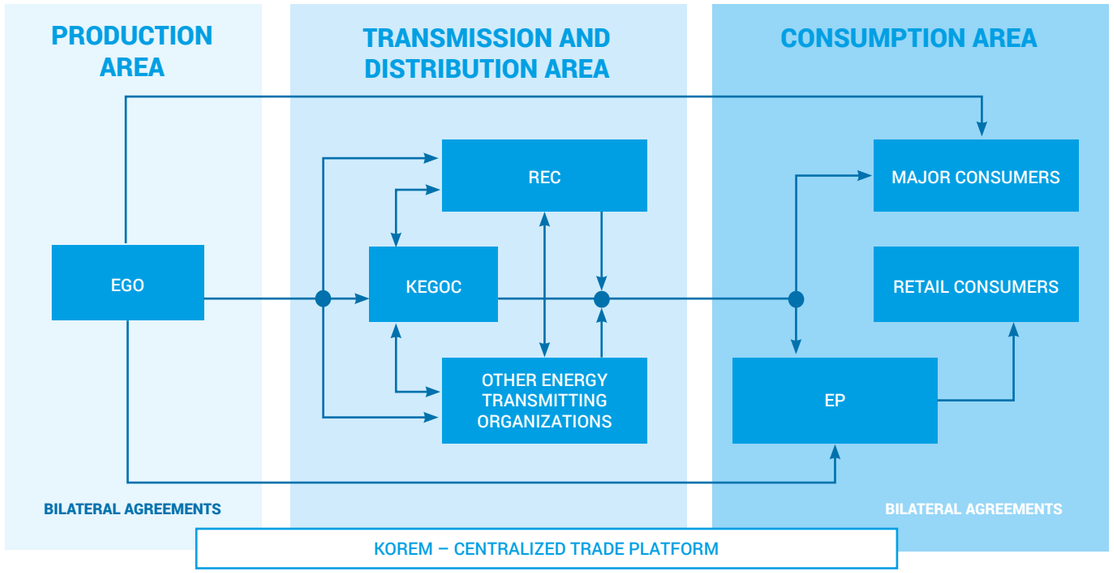
Competitors	Quantity of electricity generation in 2014	
	Million kWh	% of the output in the RK
Eurasian Energy Corporation JSC	16,401	17.5 %
Karaganda SDPP-2 (KazakhmysEnergy)	4,604.5	5 %
Karaganda Energy Center LLP	3,519.3	3.7 %
SevKazEnergo JSC	2,732.7	3 %

INSTALLED CAPACITIES OF MAJOR POWER PLANT OWNERS AND OPERATORS

Samruk-Energy JSC	7,959	MW	38.7%
ENRC	3,202	MW	15.5%
AES	1,361	MW	6.6%
MAEK Kazatomprom LLP	1,330	MW	6.5%
Kazakhmys Energy LLP	930	MW	4.5%
Others	5,810	MW	28.2%
Total	**2,0591.5**	**MW**	

Market Model

CURRENT MODEL OF THE REPUBLIC OF KAZAKHSTAN ELECTRICITY MARKET

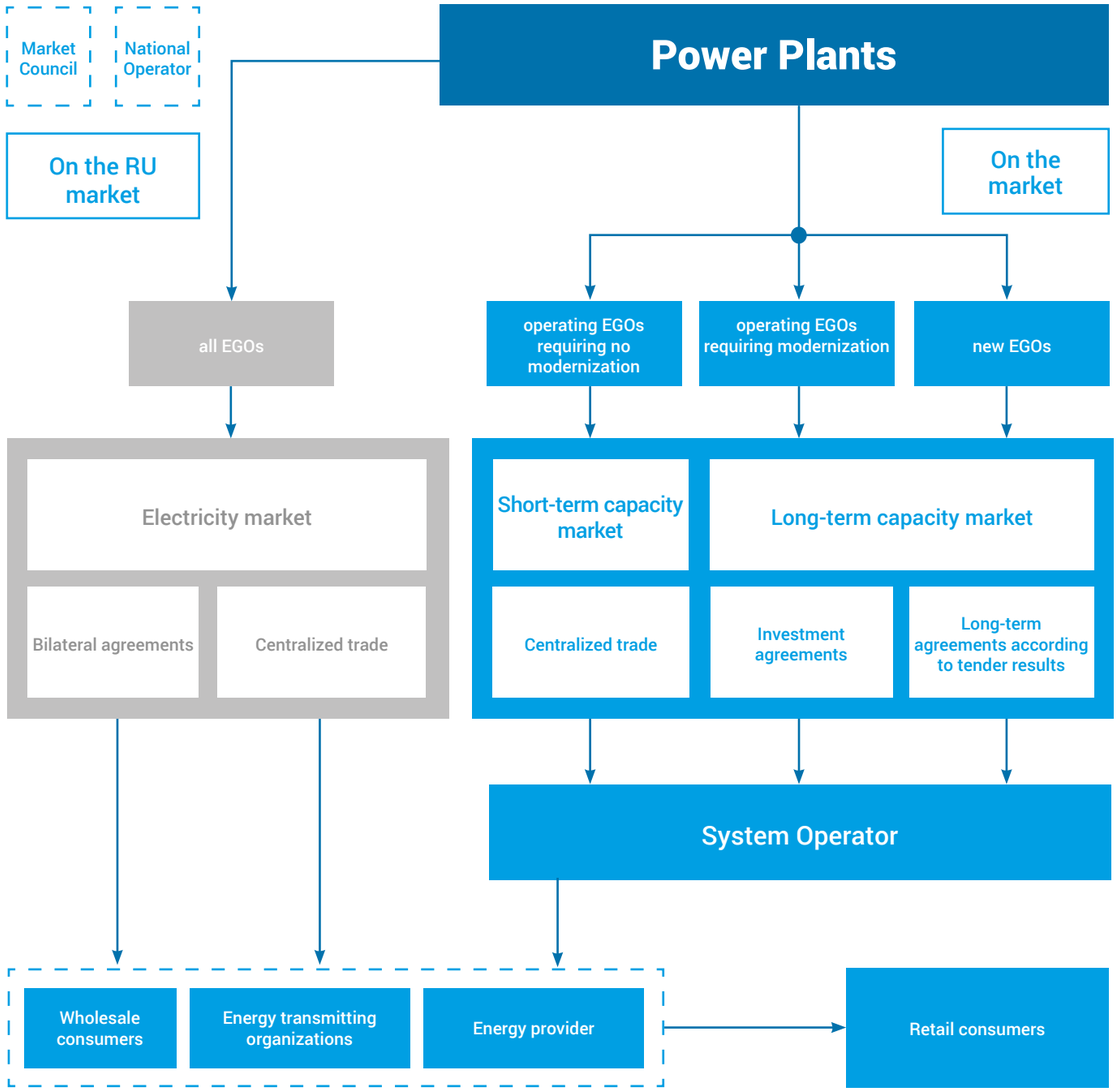


1. EGO – energy generating organization;
2. REC – regional electricity network company;
3. EP – energy provider.

The electricity market comprises two levels: wholesale and retail. The wholesale market plays an important role for the Company, which includes a decentralized electricity purchase and sale market, a centralized electricity trade market, a real-time balancing market and a system and auxiliary needs market.

A new model scheme for the electricity market is planned to be launched according to the Development Concept of the Republic of Kazakhstan Fuel and Energy Sector by 2030 (approved by Republic of Kazakhstan Government Decree No. 724 dated June 28, 2014):

NEW MODEL OF THE REPUBLIC OF KAZAKHSTAN ELECTRICITY MARKET



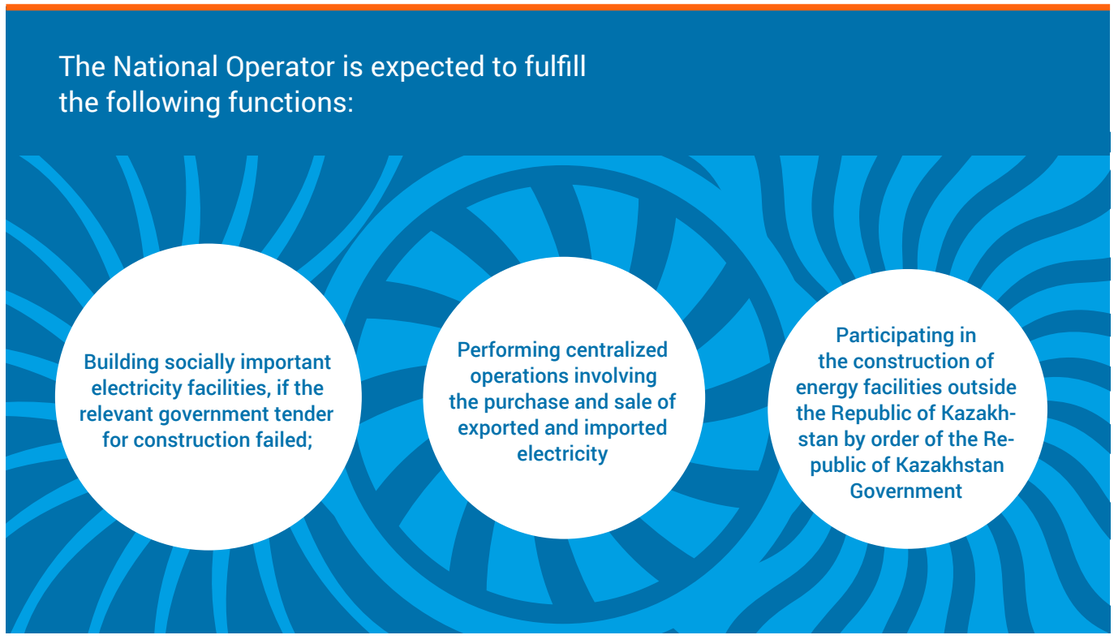
Source: The Development Concept of the Republic of Kazakhstan Fuel and Energy Sector by 2030

Industry-specific ministries and agencies, the Kazakh Electricity Generating Association, the National Chamber of Entrepreneurs of the Republic of Kazakhstan, KAZENERGY Association and energy companies participated in the Development Concept, involving international consultants.

The Concept implies introducing a wholesale market of electricity and capacity with competitive market pricing (target model). The target model encompasses markets for centralized electricity and capacity trade, a balancing market and a market of decentralized trade, enabling the conclusion of bilateral contracts for electricity purchase and sale by producers and consumers.

According to the Concept, the Market Council and the National Operator are planned to be created in the field of electricity production to implement the government electricity policy in a period of large-scale investments.

The creation of the National Generation Operator will contribute to the stable development of the industry, ensure the country's electricity security, make it possible to enter international markets and export/import electricity, taking into account priority satisfaction of the internal demands of the Republic of Kazakhstan energy system, and also improve the reliability of domestic supplies and efficient use of Kazakhstan's resources.



As a major energy holding of Kazakhstan that brings together the government assets in the generation sector, Samruk-Energy JSC possesses the necessary level of competence to obtain the National Operator status, which will help the company become a strong player, including in the common market of the Eurasian Economic Union under formation that is to be introduced in 2019. At present, Samruk-Energy JSC is participating actively in the development of the Concept of the common electric energy market in the Eurasian Economic Union.

New opportunities in this area are associated with the emergence of an additional export market to the RF and Belarus, as well as a possibility of supplying electricity to Central Asia and the Eurasian Economic Space.

COAL MARKET

Kazakhstan's Coal Industry

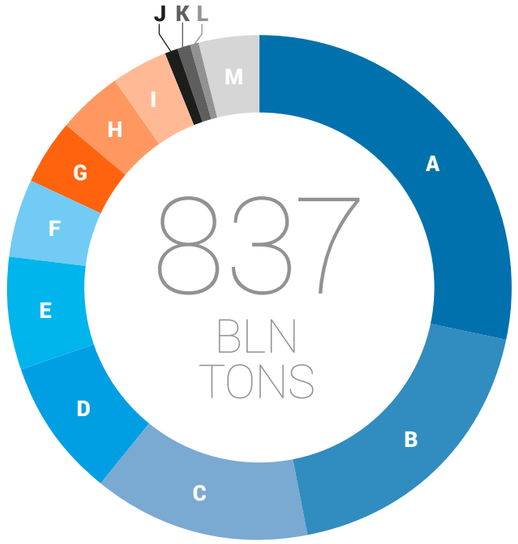
The coal industry is one of the most important resource industries in the Republic of Kazakhstan. Within the current structure of fuel generation, coal constitutes the main share – **74 % of total consumption in tons of conditional fuel.** Kazakhstan possesses all the main segments of the coal industry; however, energy coal mining and consumption are particularly developed. In 2013, the Republic of Kazakhstan **ranked seventh in the world in terms of quantities of proved coal deposits.**

Source: National Energy Report of KAZENERGY

74 % OF TOTAL CONSUMPTION IN TONS OF CONDITIONAL FUEL

ranked 7-th IN THE WORLD IN TERMS OF QUANTITIES OF PROVED COAL DEPOSITS

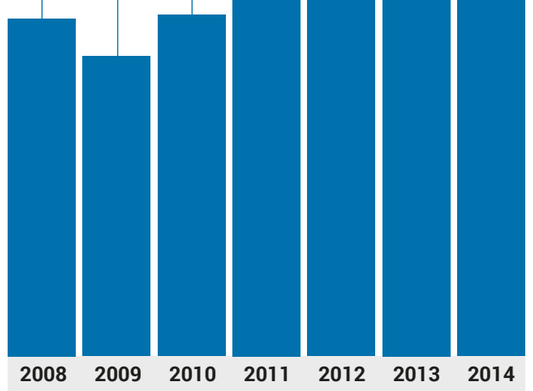
QUANTITY OF PROVED COAL DEPOSITS, BILLION TONS



A	USA 237	H	Ukraine..... 34
B	RF..... 157	I	Rep. of South Africa 30
C	China..... 115	J	Columbia..... 7
D	Australia 76	K	Canada..... 7
E	India 61	L	Poland..... 6
F	Germany 41	M	Others 31
G	Kazakhstan..... 35		

Steam coal mining has been steadily growing in the Republic of Kazakhstan over the last few years at an average rate of 2%.

STEAM COAL MINING, MILLION TONS



In the structure of steam coal mining, the share of brown coal and long-flame coal rose from 20% in 2008 to 27% in 2012. As a result of considerable volumes of steam coal mining, Kazakhstan ranks tenth in the world in terms of coal mining.

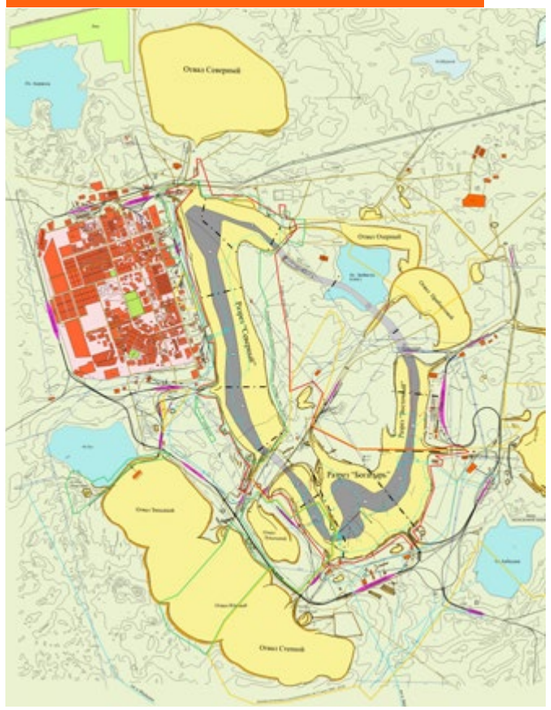
The steam coal market in Kazakhstan is characterized by relative fragmentation: Bogatyr Komir LLP is a major player accounting for about 40% of total coal mined (Samruk-Energy and RUSAL account for 50% each), ENRC accounts for 30% of total extraction (Eastern, Shubarkol Komir), Kazakhmys accounts for 8%, Karazhyra – 6%, Angrensor-Energy – 5%, and others.

Mined steamy coal is primarily used to meet the needs of the Republic of Kazakhstan electricity industry or is exported (51% and 31%, respectively); the rest is used to satisfy the populations' household and utility needs and industrial plants (13% and 5%, respectively).

Steam coal exports

Steam coal exports to Russia account for the main share of total exports from Kazakhstan (90% of total 30.5 million tons). Power plants in the Russian Federation, designed specifically for consumption of Ekibastuz coal, ensure a stable demand. The volume of Kazakh coal imports depends on coal consumption in Russia, but its share in the Russian coal generation sector has been stable over the last five years: about 20% - 21%.

SITUATION MAP OF THE EKIBASTUZ COAL FIELD



	2011	2012	2013	2014
Mining	110.1	114.3	112.8	107.6
Coal exports	33.6	32.8	32.9	30.4
including,				
Russian Federation	29.8	29.4	27.7	24.4
to RF power plants	27.7	27.6	24.9	21.1

Source: Ministry of Energy of the Republic of Kazakhstan data

List of coal mining companies in the Republic of Kazakhstan supplying coal to Russia's 12 power plants:

1. Bogatyr Komir LLP (KSN coal grade);
2. EEK JSC (KSN coal grade);
3. Angrensor-Energy LLP (KSN coal grade);
4. Maikuben-West LLP (BZ, D coal grade);
5. On-Olzha LLP (BZ coal grade).

Source: Ministry of Energy of the Republic of Kazakhstan data

RF power plants that reduced consumption in comparison with that declared for 2014:

1. Reftinsky SDPP (-1,093.7 thousand tons);
2. Troitsk SDPP (-673.4 thousand tons);
3. Omsk TPP-4,5 (-1,038.5 thousand tons);
4. South Ural SDPP (-581.2 thousand tons).

In total, over the 12 months of 2014, coal exports in the RF declined by 3.8 million tons annually.

Source: Ministry of Energy of the Republic of Kazakhstan data

The development of the Russian energy industry implies gradually replacing Ekibastuz coal consumed by Ural power plants with Kuznetsk coal. The consumption of Kazakh steam coal is unlikely to grow in Russia due to available Russian coal surplus in the local market. There is also the risk that imports will be rejected in the long run. In the mid-term by 2020, Russian generating companies plan to partly reduce facilities operating on Kazakh coal (no more than 20% of the 2012 level). The service life of many power plants mentioned above surpasses 40 years and will reach 60 to 80 years by 2030, and their capacities are very likely to be partly decommissioned.

The global steam coal market will grow at a minor rate of 1% per year. The share of steam coal consumption is expected to considerably decrease in Europe: from the current 30% of global demand to 18% by 2025. Continuing decline in demand in Europe and rising coal supplies from countries such as Indonesia and Australia will lead to congestion and price decline on the global market. Exports of Kazakh steam coal to Europe will be non-competitive as a result of comparatively low quality and high transportation costs. Because of high ash content and relatively low caloric value, Kazakh coal can be sold on export markets only with a considerable discount (from 30% to 50%). Shubarkol is an exception among large deposit fields, as its coal quality generally meets export standards.

Given falling global prices for steam coal, high transportation costs and discount for quality, Kazakh steam coal is non-competitive on global export markets.

By 2030, a domestic coal generation in the Republic of Kazakhstan will remain the main source of demand for steam coal. Taking into account plans for putting into operation and decommissioning generating plants, the demand for coal will continue to grow: by 2030, the capacity of new coal power plants will reach 20% of the total installed capacity and the share of old ones will shrink from 60% to 39%. Total demand for steam coal for heat and electricity generation in Kazakhstan will grow from the current 53 million tons to 76 million tons by 2030, i.e. by 50%.

SWOT ANALYSIS OF THE COMPANY IN THE MARKET

According to the analysis of the internal and external environment, Table 1 shows the SWOT analysis determining Samruk-Energy potential and development outlook.

Positive impact	Negative impact
Strengths 1. Availability of considerable proved coal deposits, possibility of ensuring electricity generation using own energy resource, highly qualified management staff of Samruk-Energy and its subsidiaries and affiliates. 2. Company support by the Government and the Samruk-Kazyna National Welfare Fund. 3. Available potential for developing all types of generation.	1. High degree of physical wear of equipment. 2. Existence of low-profitable assets. 3. Lack of mechanisms for introducing innovative achievements and return of investments.
Opportunities 1. Increased influence of Samruk-Energy on the electric energy market. 2. Implementation of projects in related production areas (diversification). 3. RK WF generation and development. 4. Electricity export potential development.	**Threats** 1. Tougher environmental requirements and government regulation. 2. Tougher competition from financial and industrial groups in the RK.

SWOT ANALYSIS

Positive impact

Negative impact

Strengths

Samruk-Energy is a large electricity producer in Kazakhstan and is present in all the elements of the chain creating an added value of electricity.

Available assets accounting for a high market share with high economic efficiency (as a result of a high share of electricity generation using cheap coal from the Ekibastuz energy complex) make it possible to organize competitive electricity exports.

The management staff of Samruk-Energy and its subsidiaries and affiliates is characterized by wide work experience in the industry, including the operation and construction of generating facilities.

Many construction projects for new plants are included in the SP FIID, are supported by the Government and the Fund allocating funds from the Republican Budget and the RK National Fund, and profit from contracts signed with the government offering investment preferences.

Opportunities

It is possible to participate in the further improvement of the RK electricity market as a National Operator. This opportunity is driven by the transitional nature of electricity market conditions, a forecasted increase in demand for electricity, an anticipated stepped-up role of Samruk-Energy in the electricity market and the company's current potential for developing all types of generation.

Moreover, the Kazakhstan Green Economy Development Strategy implies a huge potential for developing alternative energy resources, which will additionally increase the GDP by 3% by 2050 and create over 500 thousand new jobs, develop new industrial sectors and service fields and ensure generally high living standards.

The implementation of these opportunities requires the amendment of laws and regulations for a new market model and granting Samruk Energy the status of National Operator.

Weaknesses

At present, the Samruk-Energy portfolio includes low-profitable assets and assets with a large quantity of equipment characterized by high physical wear, requiring replacement or overhaul. Legislative requirements for directing free cash solely to implement investment programs for plants limit Samruk-Energy ability to redistribute financial resources between subsidiaries and affiliates.

Weaknesses also include a low level of automation, imperfect management of knowledge, resulting in difficulties in introducing innovations. Science-intensive innovations, new managerial solutions and implementation of a large-scale program for innovative development are required for maintaining further output growth.

Threats

Profitability is threatened to decline if tougher environmental requirements are introduced.

Tougher competition coming from financial and industrial groups can lead to a reduction of the market share of Samruk-Energy in the domestic market and force it to move to foreign markets in the future. However, demand for electricity in foreign markets may be lower than the potential for electricity exports or be lacking at all.

Conclusion

The Kazakh electricity market has a growth potential and the Samruk-Energy's position in the market is efficient for implementing this potential and increasing its share value. Samruk-Energy will have to implement a long-term strategy focused on electricity exports and the company's value growth by building and modernizing new plants and increasing profitability by means of establishing operating control over subsidiaries and affiliates and promoting a better regulatory environment.

6. PERFORMANCE RESULTS

PRODUCTION CAPACITY

Key performance indicators

28.2 billion kWh

THE AMOUNT OF ELECTRIC ENERGY PRODUCED BY THE SAMRUK-ENERGY GROUP OF COMPANIES IN 2014

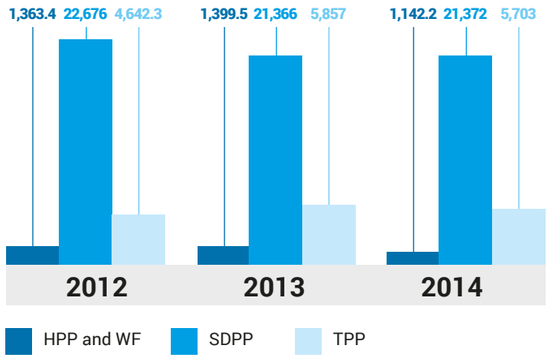
WHICH ADDS UP TO 30% OF TOTAL ELECTRIC ENERGY PRODUCTION IN 2014 WITHIN KUES

DYNAMICS OF ACHIEVED RESULTS BY KEY INDICATORS FOR THREE YEARS, PLANS FOR THE NEXT YEAR

Name (billion kWh)	2012 actl	2013 actl	2014 actl	2015 plan
Electricity production*	17,418	28,587	28,216	24,152
Amount of electricity transmission	8,395	11,859	12,197	12,702
Amount of sold electricity (EP)	5,626	8,133	8,484	8,952
Heat energy production	7,471	6,792	7,561	7,067
Amount of coal extraction	44.0	41.7	38.0	37.0

* Taking into account Ekibastuz SDPP-1 LLP

PRODUCTION BROKEN DOWN INTO TYPES OF ENERGY RESOURCES, GWH



38%

OF TOTAL ELECTRIC ENERGY PRODUCTION IN 2014 WITHIN KUES

7,959 MW

ELECTRICITY PRODUCTION BROKEN DOWN INTO AFFILIATES AND SUBSIDIARIES, MILLION KWH

Affiliate/subsidiary	2012	2013	2014	2015 plan
ESDPP-1 LLP	2,890**	13,492	14,096	11,175
ESDPP-2 JSC	6,134	6,280	4,755	4,790
ZSDPP JSC	1,378	1,595	2,521	1,009
APP JSC	5,311	5,228	5,036	5,022
Aktobe TPP JSC	631	628	667	786
Shardainsk HPP JSC	569	465	565	397
Moynak HPP JSC	504	899	577	861
Samruk-Green Energy JSC (SPP 2 MW in Kapshagay)	-	-	0.4	3.6
Total	**17,418**	**33,497**	**28,216***	**24,152**

*Consolidation includes electricity generation by ESDPP-1 in November and December 2012.

** Generation by ESDPP-1 in November and December 2012 (acquired in November 2012)

INDUSTRIAL (INSTALLED) CAPACITIES, MW

Name	2012	2013	2014	2015 plan
ESDPP-1 LLP	4,000	4,000	4,000	4,000
ESDPP-2 JSC	1,000	1,000	1,000	1,000
ZSDPP JSC	1,230	1,230	1,230	1,230
APP JSC	1,238.9	1,238.9	1,238.9	1,238.9
Aktobe TPP JSC	88	88	88	118
Shardainsk HPP JSC	100	100	100	100
Moynak HPP JSC	300	300	300	300
Samruk-Green Energy JSC (SPP 2 MW in Kapshagay)	-	-	2	2
First Wind Power Plant LLP	-	-	-	45
Total for ESDPP	**6,229.9**	**6,229.9**	**6,229.9**	**6,229.9**
Total for HPP	**812**	**812**	**814**	**814**
Total for TPP	**916**	**916**	**916**	**916**
Total for all types of power plants	**7,957.9**	**7,957.9**	**7,959.9**	**7,959.9**

THERMAL ENERGY PRODUCTION, THOUSAND GCAL

Name	2012	2013	2014	2015 plan
APP JSC	5,532	4,960	5,580	5,203
Aktobe TPP JSC	1,835	1,760	1,868	1,780
ESDPP-2 JSC	71	63	103	76
ZSDPP JSC	8	10	10	8
Total	**7,447**	**6,792**	**7,561**	**7,067**

Total length of 0.4-220 kV PTL: **69,951 km**, including:

- Overhead PTL – **63,714 km**
- Cable PTL – **6,237 km**

Information about substations of 220 kV and less:

- Number of substations of 35 kV and higher: **578**, transformer capacity: **12,379 MW**;
- Number of substations of 6-10/0.4 kV: **13,915**; transformer capacity: **3,888 MW**.

LENGTH OF POWER TRANSMISSION AND DISTRIBUTION LINES*, km

Type of lines	Length of lines more than 35 kV			Length of lines less than 35 kV		
	2012	2013	2014	2012	2013	2014
Overhead Lines (OHL)	6,139	18,865	18,767	24,481	44,789	44,947
Underground (UG)	111	197	218	4,211	6,008	6,019
Total	**6,250**	**19,062**	**18,985**	**28,692**	**50,797**	**50,966**

* 2013-2014 including VK REK JSC.

NUMBER OF HOUSEHOLD, INDUSTRIAL, INSTITUTIONAL, AND COMMERCIAL CONSUMERS (EP), PERSONAL ACCOUNTS

Name	2012	2013*	2014*
Household consumers	689,956	1,168,280	1,182,705
Industrial consumers	1,948	3,273	2,763
Budget consumers	1,280	3,506	3,255
Other consumers (including commercial ones)	21,745	38,531	40,653
Total	**714,929**	**1,213,590**	**1,229,376**

* Including Shygysenergotrade LLP

LABOR PRODUCTIVITY

Indicator	UoM	2012	2013	2014	2015 plan
Labor productivity in coal mining	ton/person	8,097	5,841	5,544	5,125
Labor productivity in electricity production	thous. kWh/person	2,383	3,845	3,740	3,392
Labor productivity in electricity distribution	thous. kWh/person	1,919	1,617	1,648	1,642

Implementation of export potential

VOLUME OF SUPPLIES, million kWh

Counterparty	2012	2013	2014
Russian Federation (represented by Inter RAO JSC)	741	2,452	1,862
Kyrgyz Republic	–	–	118.7

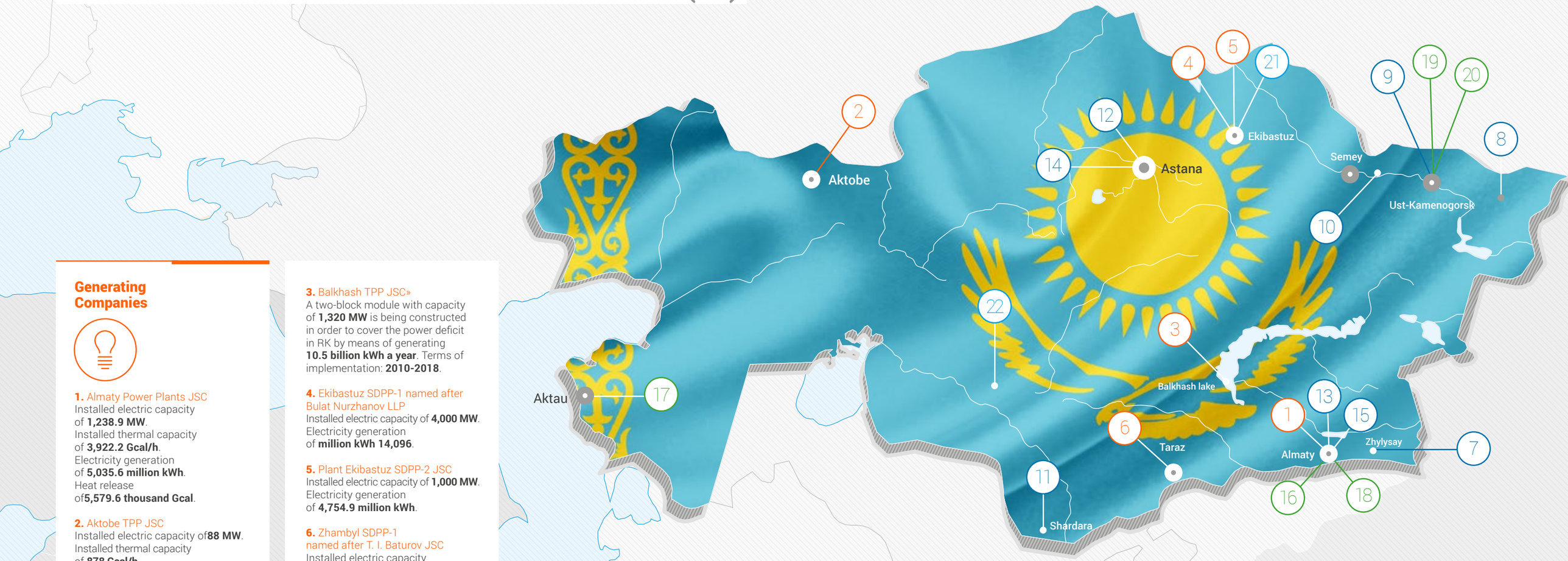
Supplies to Russia were delivered by Ekibastuz SDPP-1 LLP.

On November 21, 2014, power supplies to the RF were suspended due to the sudden depreciation of the Russian ruble against the Kazakh tenge and the decline in electricity prices in the RF market, which made power supplies non-profitable.

Supplies can be resumed in case of changes in the ruble exchange rate and electricity prices in the RF market, thus permitting profitable exports.

Electricity began to be exported from Zhambyl SDPP JSC to the Kyrgyz Republic in December 2014.

INFORMATION ABOUT SUBSIDIARY COMPANIES (SC)



Generating Companies

1. Almaty Power Plants JSC
Installed electric capacity of **1,238.9 MW**.
Installed thermal capacity of **3,922.2 Gcal/h**.
Electricity generation of **5,035.6 million kWh**.
Heat release of**5,579.6 thousand Gcal**.

2. Aktobe TPP JSC
Installed electric capacity of**88 MW**.
Installed thermal capacity of **878 Gcal/h**.
Electricity generation, **667.1 million kWh**.
Heat release, **1,868.3 thousand Gcal**.

3. Balkhash TPP JSC»
A two-block module with capacity of **1,320 MW** is being constructed in order to cover the power deficit in RK by means of generating **10.5 billion kWh a year**. Terms of implementation: **2010-2018**.

4. Ekibastuz SDPP-1 named after Bulat Nurzhanov LLP
Installed electric capacity of **4,000 MW**.
Electricity generation of **million kWh 14,096**.

5. Plant Ekibastuz SDPP-2 JSC
Installed electric capacity of **1,000 MW**.
Electricity generation of **4,754.9 million kWh**.

6. Zhambyl SDPP-1 named after T. I. Baturov JSC
Installed electric capacity of **1,230 MW**.
Electricity generation, of **2,520.5 million kWh**.

Hydro power plants and renewable sources of energy

7. Moynak HPP JSC
Installed electric capacity of **300 MW**.
Electricity generation of **576.6 million kWh**.

8. Bukhtarma HPP JSC
Installed electric capacity of **675 MW**.
Electricity generation of **2,710 million kWh**.

9. Ust-Kamenogorsk HPP JSC
Installed electric capacity of **331,2 MW**.
Electricity generation, **1 533,76 million kWh**.

10. Shulbinsk HPP JSC
Installed electric capacity of **702 MW**.
Electricity generation, of **1,621.9 million kWh**.

11. Shardarinsk HPP JSC
Installed electric capacity of **100 MW**.
Electricity generation, **565.1million kWh**.

12. Samruk-Green Energy LLP
Installed electric capacity of **2 MW**.
Electricity generation of **0,443 million kWh**.

13. Energia Semirechya LLP
Energia Semirechya LLP is a joint venture that was established to construct a wind farm with a capacity of **60 MW** to **300 MW** in the Shelek corridor of the Enbekshikazakh District in the Almaty Region.

14. First Wind Power Plant LLP
First Wind Power Plant LLP is directly implementing the construction project of WF in Ereymentau, with a capacity of **45 MW** (stage 1).

15. Kazhydrotechenergo LLP
Work is being carried out to build four hydro power plants on the Shelek River and the big Almaty Channel with a total capacity of **60 MW**.

Distribution and sales companies

16. Alatau Zharyk Company JSC
Transmission lines with a total length of **29,225 km**.
Volume of power transmission in 2014 **6,235 million kWh**.

20. Shygysenergotrade LLP
The volume of sales for the entire year reached **2,659 million kWh**.

17. Mangistau Distribution Power Grid Company JSC
Transmission lines with total length of **6 170 km**.
Electricity transmitted in 2014 **2,718 million kWh**.

18. AlmatyEnergoSbyt LLP
The volume of realized electric energy in 2014 was **5,946 million kWh**.

19. East-Kazakhstan Regional Energy Company JSC
Total length of the company's networks reaches **34,556 km**.
.
The volume of power transmission in 2014 reached **3,391 million kWh**.

Mining and Service Companies

21. Bogatyr Komir LLP
At present, the designed capacity of Bogatyr Komir strip mine is **42 million tons** of coal a year.

22. Tegis Munay LLP
Tegis Munay LLP is mainly involved with organizing **geological exploration**.

Generating Companies

Almaty Power Plants JSC

Indicator	2014
Installed electric capacity, MW	1,238.9
Installed thermal capacity, Gcal/h	3,922.2
Electricity generation, million kWh	5,035.6
Heat release, thousand Gcal	5,579.6

Almaty Power Plants JSC (hereinafter—APP JSC) is a legal entity founded in accordance with the legislation of the Republic of Kazakhstan. APP JSC is guided by acting legislation of the Republic of Kazakhstan and Articles of Association of APP JSC.

Location:
Republic of Kazakhstan, Almaty.

Samruk-Energy JSC is the shareholder of APP JSC – 100 % of shares.

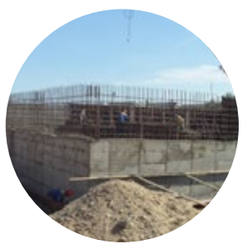
The following are included in APP JSC:
- Almaty TPP-1;
- Almaty TPP-2;
- Almaty TPP-3;
- Kapshagay HPP;
- Western heat complex;
- Almaty series of hydroelectric plants;
- Production and Repair Company "Energoremont";
- Fuel receiving and loading center.

For APP JSC, the target markets for electric and heat energy is the Almaty Region.

With the aim of optimizing the asset management structure of Samruk-Energy JSC, 100% of APP shares were submitted for Company's direct ownership. Basis: decision of the Board of Directors of Samruk-Energy JSC (Minutes No. 77 dated September 9, 2013).

Major customers:
AlmatyEnergoSbyt LLP, Alatau Zharyk Company JSC, Holding Almaty Su MUS, Almaty Heat Networks LLP (Almaty).

Company website: http://www.ales.kz/



Balkhash TPP JSC (under construction)

The Balkhash Thermal Power Plant Joint Stock Company (hereinafter referred to as – Balkhash TPP JSC) is a legal entity under legislation of the Republic of Kazakhstan and carries out its activity in accordance with current legal acts of the Republic of Kazakhstan and also Articles of Association and internal documents of Balkhash TPP JSC.

Location:
Republic of Kazakhstan, the Almaty Region, Zhambyl District, Ulken settlement.

Shareholders of Balkhash TPP JSC are:
1. Samruk-Energy JSC — 25% plus one share;
2. SAMSUNG Company (South Korea) — 75 % minus one share.

A two-block module with capacity of 1,320 MW is being constructed in order to cover the power deficit in RK by means of generating 10.5 billion kWh a year. Terms of implementation: 2010-2018.

Company website: http://btes.kz/

Aktobe TPP JSC

Indicator	2014
Installed electric capacity, MW	88
Installed thermal capacity, Gcal/h	878
Electricity generation, million kWh	667.1
Heat release, thousand Gcal	1,868.3

Aktobe TPP JSC is a legal entity and carries out activities under acting legislation of the Republic of Kazakhstan and Articles of Association of the Company.

Location:
Republic of Kazakhstan, the City of Aktobe.

Alatau Zharyk Company JSC is the sole shareholder of Aktobe TPP JSC.

Aktobe TPP JSC provides the City of Aktobe with power and heat.

Major customers:
Energosistema LLP, Aktobeenergosnab LLP, AZKhS JSC, Akbulak JSC, Transenergo JSC.

Company website: http://aktobetec.kz/

Ekibastuz SDPP-1 named after Bulat Nurzhanov LLP

Indicator	2014
Installed electric capacity, MW	4,000
Electricity generation, million kWh	14,096

Ekibastuz SDPP-1 Limited Liability Partnership named after Bulat Nurzhanov is a legal entity that has been established and exists under Republic of Kazakhstan's laws

Location:
Republic of Kazakhstan, Pavlodar Region, the City of Ekibastuz.

The participant of Ekibastuz SDPP-1 as of 31.12.2014 is Samruk-Energy JSC with a 100% of share in authorized capital;

Sales markets in Kazakhstan:
northern and southern zones.

Along with power supply to Kazakhstan consumers, Ekibastuz SDPP-1 delivers supplies to the Russian energy system within the framework of contract concluded between the plant and Inter RAO Open Joint Stock Company; in 2014, the amount of power supplies to Russia reached 1,862 billion kWh.

Major customers:
KEGOC JSC, Kazfosfat LLP, Temirzholenergo LLP, Kostanay Energy Center LLP, Astanaenergosbyt LLP, Inter RAO JSC, AlmatyEnergoSbyt LLP.

Company website: http://gres1-ekibastuz.kz/

Plant Ekibastuz SDPP-2 JSC

Indicator	2014
Installed electric capacity, MW	1,000
Electricity generation, million kWh	4,754.9

Plant Ekibastuz SDPP-2 JSC is a legal entity founded in accordance with the legislation of the Republic of Kazakhstan. Its activity is guided by acting legislation of the Republic of Kazakhstan and Articles of Association of Plant Ekibastuz SDPP-2 JSC.

Location:
Republic of Kazakhstan, Pavlodar Region, Solnechny settlement.

The shareholders of Plant Ekibastuz SDPP-2 JSC are:

1. Inter RAO JSC (Russia) – 50% of shares;
2. Samruk-Energy JSC – 50% of shares.

Major customers:
KEGOG JSC, Temirzholenergo LLP, AlmatyEnergoSbyt LLP

Sales markets in Kazakhstan:
northern and southern zones.

Company's website: http://gres2.kz/

Zhambyl SDPP-1 named after T. I. Baturov JSC

Indicator	2014
Installed electric capacity, MW	1,230
Electricity generation, million kWh	2,520.5

The Zhambyl SDPP-1 Joint Stock Company named after T. I. Baturov (hereinafter referred to as – ZSDPP JSC) is a legal entity founded and acting in accordance with legislation of the Republic of Kazakhstan.

Location:
Republic of Kazakhstan, Zhambyl Region, the City of Taraz.

The shareholders of ZSDPP JSC are:

1. Samruk-Energy JSC – 50 % of shares;
2. Tarazenergo-2005 LLP – 50 % of shares.

Main type of activity:
electric power generation.

Sales markets:
southern region of Kazakhstan.

Major customers:
AlmatyEnergoSbyt LLP, Zhambyl Zharyk Sauda-2030 LLP, Energopotok LLP, Ontustik Zharyk LLP, Temirzholenergo LLP.

Company's website: www.zhgres.kz

Hydro power plants and renewable sources of energy

ELECTRICITY GENERATION AND SALE, million kWh

Indicator	2012	2013	2014	2015 plan
Electricity generation	1,073.7	1,363.4	1,142.2	1,261.5
Electricity sale	1,065.3	1,352.3	1,020.2	1,247.2

* What does this star refer to? Without taking into account Irtysh series of HPPs and APP JSC HPPs.

Established capacity of HPPS, MW

Name	2014
Shulbinsk HPP	702
Bukhtarma HPP	675
Kapshagay HPP	364
Ust-Kamenogorsk HPP	331.2
Moynak HPP	300
Shardarinsk HPP	100
Almaty Series of HPPs	47
Kapshagay SPP	2
Total	**2,521.2**

Moynak HPP JSC

Indicator	2014
Installed electric capacity, MW	300
Electricity generation, million kWh	576.6

Moynak HPP is located on the Charyn River in the Almaty Region and has a capacity of 300 MW. Moynak HPP is the fifth hydro power plant in Kazakhstan in terms of its size and capacity and is the first generating power facility of the country to be put into operation during Republic of Kazakhstan's independence years.

Moynak HPP JSC was commissioned in December 2012.

A purchase transaction with a 49% interest in Moynak HPP JSC was concluded in 2014; Samruk-Energy JSC is its sole shareholder.

Moynak HPP is one of the three HPPs among CIS countries that has level difference about 500 meters, and tunnel diameter – up to 5.5 meters.

Company's website: http://moynak.kz/

Bukhtarma HPP JSC

Indicator	2014
Installed electric capacity, MW	675
Electricity generation, million kWh	2,710

Bukhtarma HPP JSC was founded by decree No. 1053 of the East-Kazakhstan Territorial Committee on State Property Management dated December 19, 1996 “On establishing Bukhtarma HPP JSC”, spun off from the structure of reorganized Altayenergy JSC.

In accordance with Decree No. 1020 of the Government of the Republic of Kazakhstan dated October 24, 2006 “On transferring state holdings of shares of some joint stock companies to the authorized capital stock of Kazakhstan holding of state assets management Samruk Joint Stock Company”; on December 28, 2006, the state block of shares of Bukhtarma HPP JSC was transferred as payment to the authorized stock capital of Samruk Holding JSC. On January 4, 2008, Samruk-Energy JSC became the owner of the state block of shares in Bukhtarma HPP JSC.

Bukhtarma HPP is situated 15 km below the mouth of the Bukhtarma River, 350 km away from the source of the Irtysh River. Backwater created by the BHPP dam covers the natural levels of the Zaysan Lake by 5-6 meters, which form a water reservoir of 49.6 bln cubic meters. The surface area measures 5,490 sq. meters.

The major shareholder of Bukhtarma HPP JSC is Samruk-Energy JSC – 90 % of the shares.

Company website: www.bges.kz

Ust-Kamenogorsk HPP JSC

Indicator	2014
Installed electric capacity, MW	331.2
Electricity generation, million kWh	1,533.76

Today, Ust-Kamenogorsk HPP, situated in the north-eastern suburb of Ust-Kamenogorsk, has four turbines (82.8 MW each).

The composition of HPP constructions:
- Concrete water drainage dam with a crest length of 92 meters, blind concrete dams with a length of 300 meters;
- Appurtenance HPP building with a length of 129 meters;
- One-chambered shipping lock.

The major shareholder of Ust-Kamenogorsk HPP JSC HPP JSC is Samruk-Energy JSC with 89.9 % of the shares.

Company website: http://www.aes-group.kz

Shulbinsk HPP JSC

Indicator	2014
Installed electric capacity, MW	702
Electricity generation, million kWh	1,621.9

Shulbinsk HPP is situated in the middle course of the Irtysh River, 70 km upstream from the City of Semey. The construction of the hydro power plant was launched in 1976; the first hydroelectric generator was launched for industrial operation on December 23, 1987 and the final generator of the six was launched on December 19, 1994.

At normal headwater level, the hydraulic performance of the hydroelectric complex is estimated to admit 240 meters of maximum flood with possible excess of 1% – 7,700 m^3/second; at maximum headwater level – 243 meters with 0.01% provision – 8,770 m^3/second.

Shulbinsk HPP consists of:
- HPP building;
- Ground dam;
- Shipping lock;
- Water reservoir;
- Connecting structures;
- 220 kV open distribution device.

Samruk-Energy JSC is the major shareholder of Shardarinsk HPP JSC: 92.14 shares.

Company website: http://www.aes-group.kz

Shardarinsk HPP JSC

Indicator	2014
Installed electric capacity, MW	100
Electricity generation, million kWh	565.1

Shardarinsk HPP is situated in the middle course of Syrdarya River and is a closing HPP of Naryn-Syrdarya series of electric plants.

The power site of Shardarinsk HPP is situated at Zhaushikum elevation where the riverside lowering narrows by 5 km. The Shardarinsk Hydroelectric Complex has a seasonally regulated water reservoir; it was designed and built as a complex, and one of its functions is the irrigation of precious agricultural lands situated along the banks of the middle and lower course of the river.

The sole shareholder of Shardarinsk HPP JSC is Samruk-Energy JSC with 100 % of shares.

Company website: http://www.sharges.kz/

Samruk-Green Energy LLP

Indicator	2014
Installed electric capacity, MW	2
Electricity generation, million kWh	0.443

Samruk-Green Energy LLP was founded on January 25, 2012 to implement projects in the sphere of renewable energy sources and is a dynamically developing enterprise, acting in this sphere.

The sole member of Samruk-Green Energy LLP is Samruk-Energy JSC with 100 % of participation share.

The key business lines of Samruk-Green Energy LLP are aimed at achieving the following strategic targets:

- designing and building facilities for renewable energy sources, independent technical devices and facilities interrelated with them;
- generating and selling electric and heat energy through renewable energy sources;
- providing system operability (operation) for electric power transmission, generated through renewable energy sources, from the generation site to distribution networks;
- organizing and providing consulting services, participating in scientific research and designing works in the sphere of renewable energy sources;
- electricity is generated at the SPP by 7,995 solar panels, 70% of which were installed on fixed structures and 30% on sun-tracking structures (trackers); 178 inverting devices are used at the SPP to convert the direct current generated by solar panels into an alternating one.

Company website: http://samruk-green.kz/

Energia Semirechya LLP

Energia Semirechya LLP is a joint venture that was established to construct a wind farm with a capacity of 60 MW to 300 MW in the Shelek corridor of the Enbekshikazakh District in the Almaty Region.

Location:
Republic of Kazakhstan, Almaty.

The members of Energia Semirechya LLP are:
1. Samruk-Green Energy LLP – 51%;
2. National Company Social-entrepreneur Corporation Zhetisu JSC – 49%.

Company website: http://energy7.kz/

First Wind Power Plant LLP

First Wind Power Plant LLP was founded on June 27, 2011.

First Wind Power Plant LLP is a dynamic enterprise operating in the sphere of energy generation with utilization of renewable energy sources. It was founded to implement projects in the sphere of renewable energy sources, namely the construction of wind farms.

First Wind Power Plant LLP is directly implementing the construction project of WF in Ereymentau, with a capacity of 45 MW (stage 1).

The members of First Wind Power Plant LLP are:
1. Samruk-Green Energy LLP – 99.9%;
2. Daniyar Kanatovich Nusupov – 0,1%.

Company website: http://www.pves.kz/

Kazhydrotechenergo LLP

Kazhydrotechenergo LLP was acquired on March 31, 2014 by Samruk-Energy JSC to implement energy projects in the territory of the Almaty Region. Work is being carried out to build four hydro power plants on the Shelek River and the big Almaty Channel with a total capacity of 60 MW, including:

HPP 29 – 34.8 MW, HPP 19 – 14 MW, HPP 1, 2 on the Big Almaty Channel – 12 MW.

Location:
Republic of Kazakhstan, Almaty.

Kazhydrotechenergo LLP members include:
1. Samruk-Energy JSC – 100%

Company website: unavailable.

Mining and Service Companies

Bogatyr Komir LLP

Bogatyr Komir is the biggest coal mining enterprise in Kazakhstan: the company's share in coal mining in the country reaches 35.3% *.

The Sole Member of Bogatyr Komir LLP is Forum Muider B.V., a joint venture of the Company with UC RUSAL with equal shares of ownership 50% / 50%, registered in the Netherlands and operating as a holding company.

At present, the designed capacity of Bogatyr Komir strip mine is 42 million tons of coal a year (Bogatyr strip mine – 32 million tons, Severny strip mine – 10 million tons).

The volume of the coal produced in 2014 amounted to 38 million tons. Bogatyr Komir supplies coal on market terms for generating facilities of the Group and third parties, situated both in Kazakhstan and in Russia. Bogatyr Komir coal strip mines are situated 35 km from Ekibastuz SDPP-1 and 53 km from Ekibastuz SDPP-2 (distance by railway), which allows the Group to minimize the costs of coal transportation. Most of the coal power plants in Kazakhstan use the coal grade produced by Bogatyr Komir.

Company website: http://www.bogatyr.kz/

* According to operational data of the RK Ministry of Industry and New Technologies.

Tegis Munay LLP

Tegis Munay LLP is mainly involved with organizing geological exploration.

In accordance with the decision of the Board of Directors of Samruk-Energy JSC dated December 22, 2011 and under the interest purchase and sale agreement dated October 30, 2012, the Company acquired 100% of the participation shares in the authorized stock capital of Tegis Munay LLP, which also included a 100% participatory interest in the authorized stock capital of MANGYSHLAK-MUNAY LLP.

MANGYSHLAK-MUNAY LLP owns all the rights to Pridorozhnoe gas deposit development.

Distribution and sales companies

Alatau Zharyk Company JSC

Alatau Zharyk Company JSC is one of the largest regional electricity network companies in the south of the republic that specializes in electric power transmission for the population and the industrial and agricultural enterprises located in its activity zone – the City of Almaty and the Almaty Region. The area enjoying AZhC JSC services territorially spreads from Balkhash Lake to the Chinese border.

The sole shareholder of Alatau Zharyk Company JSC is Samruk-Energy JSC.

The balance property of AZhC JSC includes power networks of the following voltage classes: 220-110-35-10-6-0.4 kV.

AZhC JSC owns transmission lines with a total length of 29,225 km, including:

- Overhead transmission lines with voltage of 220 kV and length of 432.4 km; 110 kV lines with a total length of 2,733 km;
- 220 kV cable lines – 40.1 km; 110 kV – 117 km;
- Power networks with voltage of 35 kV and length of 2,589 km;
- Overhead and cable lines with voltage of 6-10 kV and total length of 12,426.4 km;
- Transmission lines with voltage of 0.4 kV and total length of 10,887 km;
- The number of sub-stations with voltage of 35-220 kV is 209 units with cumulative transformer power of 6,941 MVA;
- The number of transformer sub-stations with voltage of 6-10/0.4 kV is 6,995 units with cumulative 2,325 MVA.

The construction of 220 kV ring around the City of Almaty was completed in December 2013.

In 2014, the volume of power transmission in 2014 was 6,235 mln kWh (in 2013 5,818 mln kWh).

Company website: http://www.azhk.kz/

Mangistau Distribution Power Grid Company JSC

The Mangistau Distribution Power Grid Company JSC is a natural monopoly entity that provides power transmission and distribution to consumers of Mangistau Region of the Republic of Kazakhstan, except for Aktau city. Mangistau Distribution Power Grid Company JSC dominates the market for power transmission and distribution in Mangistau Region.

The biggest shareholder of the Mangistau Distribution Power Grid Company JSC is Samruk-Energy JSC – 75 % + 1 share.

90% of power transported via networks of the Mangistau Distribution Power Grid Company JSC is consumed by oil producing companies located in Mangistau Region (Mangistaumunaygaz JSC, NC KazMunayGaz JSC, Karazhanbasmunay JSC and others).

The Company includes:

- Overhead transmission lines with voltage of 220 kV and length of 665.1 km; 110 kV – 2,316.4 km; 35 kV – 948.7 km; 6-10 kV – 1,638 km; 0.4 kV – 601.8 km;
- 57 electricity sub-stations with voltage of 35 kV and higher, with installed capacity of 1,956.4 MVA;
- 431 transformer sub-stations with voltage of 6-10 kV and installed capacity of 74.9 MVA.

Electricity transmitted in 2014 – 2 718 million kWh.

Company website: http://mrek.kz/

AlmatyEnergoSbyt LLP

AlmatyEnergoSbyt Limited Liability Partnership was founded in June 2006 as an energy-providing company in accordance with the Law on electric power industry.

The sole member of AlmatyEnergoSbyt is Samruk-Energy JSC – 100% of participation share.

AES LLP is the biggest power supplier in the territory of Kazakhstan; it ensures power supplies to more than 2.6 million people and 24 thousand enterprises of the City of Almaty and the Almaty Region. The main task of the Partnership is reliable and stable provision of power to consumers of the City of Almaty and eight administrative districts of the Almaty Region.

As an entity in the wholesale and retail power market, AES LLP carries out the following functions:

- Purchasing power from energy generating organizations and selling it to final retail consumers;
- Executing operative orders of the Regional Network Company on maintaining supply and consumption modes;
- Concluding contracts on power supply to consumers;
- Paying the services of a system operator, REC and EGO on electricity transmission;
- Controlling compliance of final consumers with terms of payment for supplied power and power consumption modes that were defined by contracts.

One of the main activity directions of AlmatyEnergoSbyt is the improvement of service quality provided to power consumers.

The volume of realized electric energy in 2014 was 5,946 million kWh.

Company website: http://www.esalmaty.kz/

East-Kazakhstan Regional Energy Company JSC

East-Kazakhstan Regional Energy Company Joint Stock Company is one of the largest regional distribution companies in Kazakhstan and a natural monopoly entity of the East-Kazakhstan Region.

In 2012, the company was transferred to the trusted management of Samruk-Energy JSC. In March 2013, the share block in East-Kazakhstan Regional Energy Company JSC was transferred to Samruk-Energy JSC.

The East-Kazakhstan Regional Energy Company JSC is mainly engaged in the transmission and distribution of electric power. The area covered by company services totals 283,300 square kilometers.

The total length of the company's networks reaches 34,556 km.

The company includes:

- Overhead transmission lines with voltage of 220 kV and length of 143.8 km; 110 kV – 4,783.05 km; 35 kV – 4,216.84 km; 6-10 kV – 13,008 km; 0.4 kV – 10,679.18 km;
- Cable transmission lines with voltage of 10-6-0.4 kV –1,725.09 km;
- 312 sub-stations with voltage of 35 kV and higher, with installed capacity of 3,472.11 MVA;
- 6,489 transformer sub-stations with voltage of 6-10/0.4 kV, installed capacity of 1,488.11 MVA.
- Zaysan HPP – installed capacity of 2 MW (seasonal work mode).

The volume of power transmission in 2014 reached 3,391 million kWh.

Company website: http://ekrec.kz/

Shygysenergotrade LLP

Shygysenergotrade LLP was founded in 2004 as a subsidiary of the East-Kazakhstan Regional Energy Company JSC.

ShET LLP is an energy providing company that sells purchased power to 480 thousand consumers in East Kazakhstan.

The share of ShET LLP on the East-Kazakhstan regional power market amounts to 43%. Consumers of ShET LLP in the East-Kazakhstan Region are connected to the networks of VK REK JSC, Kazzinc JSC and other energy transmission organizations. The total number of ETO amounts to 15 companies.

The average price of power sold in 2014 was 9,422 tenges per 1 kWh.

The volume of sales for the entire year reached 2,659 mln kWh.

Company website: http://shygys.kz/

FINANCIAL RESULTS

Approaches to presenting the results

The Company's operations in 2014 in the power and coal industries were carried out according to the approved plans.

The share participation method is used by the Samruk-Energy JSC Group of Companies in consolidation for the purposes of establishing a single approach to the preparation of the results of financial and business operations. Moreover, according to the applicable accounting policy, fixed and intangible assets are recognized at their initial value, i.e. without taking into account revaluation.

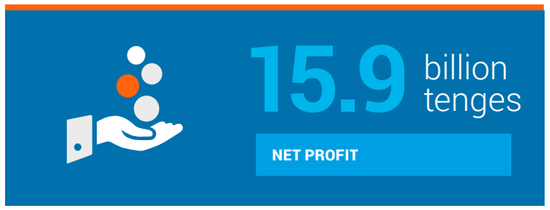
Given the aforesaid, applying the share participation method in the consolidated balance sheet excludes major companies' turnovers, including SEGRES-2 JSC, Forum Muider B.V., a coal assets company, in which Samruk-Energy JSC holds a 50% interest.

In the process of forming the consolidated financial result of Samruk-Energy JSC, the profit share of those companies is recognized in the item "share of profit/loss of organizations considered according to the participation share method".

The results of the financial and business performance of Zhambyl T. I. Baturov ESDPP were not included in the consolidated report of Samruk-Energy JSC due to the ongoing asset depreciation procedure.

According to RK Government Decree No. 5 concerning the comprehensive privatization plan and standard of the IFRS "Long-term assets to be sold, and terminated operation", assets to be sold (Aktobe TPP JSC, MDPGC JSC, VK REK JSC, ShET LLP) are shown in profit line from terminated operation.

Key results



The acquisition of ESDPP-1 LLP was a significant event in the reporting year. The acquisition price totaled 236.6 billion tenges. Moreover, there was a transaction to acquire a 49% interest in Moynak HPP JSC. The acquisition price amounted to 18.5 billion tenges.

As a result of financial and business activities over the reporting period, the company recorded **a net profit of 15.9 billion tenges**, whereas the fact for 2013 totaled 40.9 billion tenges. The 2015-2016 project includes a plan to increase profit to 39 billion tenges.

The positive dynamics of other key financial and economic parameters are recorded. For example, the EBITDA margin totaled 39.7%, 2013 actl.: 23.8%. The indicator was improved as a result of growing income from core activities and thus the EBITDA indicator growth. In the 2016 forecast, the indicator is planned at 61%, and improvement results from the implementation of a program for privatizing assets, under which all non-core and low-profitable assets will be sold by 2016 (energy-transmitting and energy-supplying companies).

The EBITDA indicator is almost twice as high as that recorded in the past year because of the growing income from core activities, including a new asset Ekibastuz

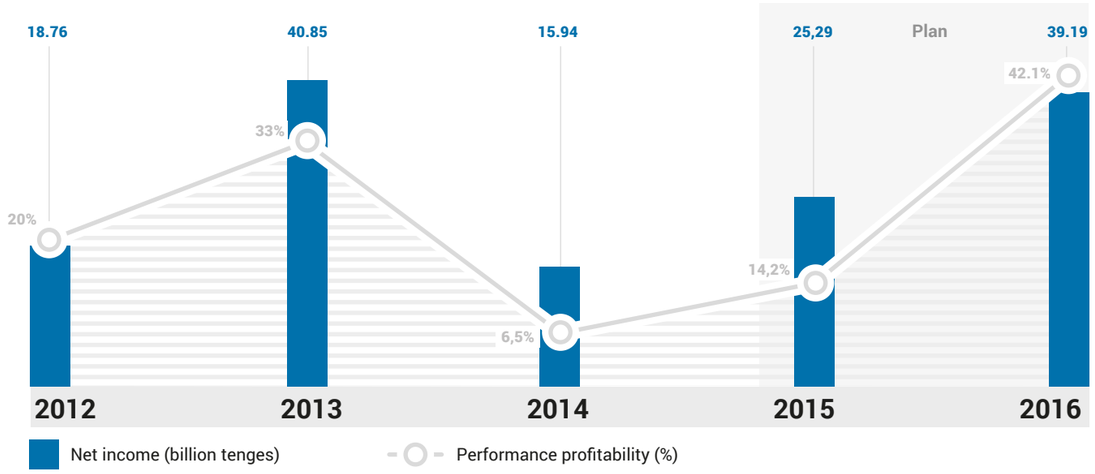
SDPP-1 in consolidation. The indicator is planned to rise in dynamics by 2016 due to the planned sale of low-profitable assets.

In 2014, the **operation profitability indicator totaled 6.5 %.** As compared to 2013, the indicator declined due to the purchase of a second participatory share in Ekibastuz SDPP-1 LLP. Profitability is planned to rise to 42% by 2016 as a result of the Company's net profit growth.

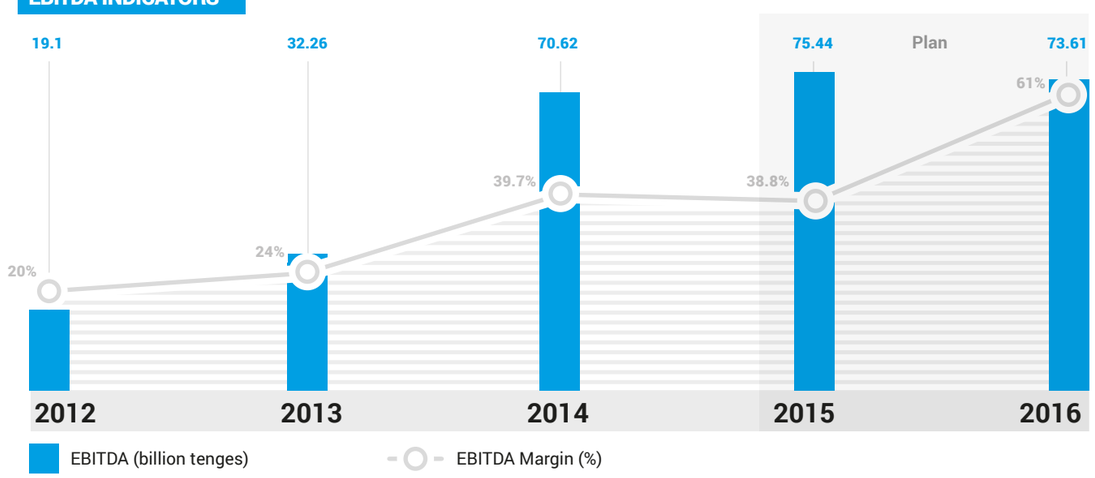
KEY FINANCIAL AND ECONOMIC INDICATORS

Item	UoM	2012	2013	2014	Deviation 2014 against 2013	2015 forecast	2016 forecast
Net income	billion tenges	18.76	40.85	15.94	39 %	25.29	39.19
EBITDA	BILLION TENGES	19.10	32.26	70.62	219 %	75.44	73.61
EBITDA Margin	%	20.2	23.8	39.7	167 %	38.8	61.0
Operation profitability	%	20	33	6.5	20 %	14.2	42.1

PERFORMANCE PROFITABILITY



EBITDA INDICATORS



PERFORMANCE MANAGEMENT ANALYSIS (MD&A)

Operational and financial indicators

PRODUCTION KPI (BY PRODUCERS)

Subsidiaries and affiliates	2012	2013	2014	Deviation 2014 against 2013	2015 forecast	2016 forecast
Electricity production volume, million kWh						
APP JSC	5,311	5,228	5,036	96%	5,022	5,020
Aktobe TPP JSC	631	628	667	106%	786	--
Ekibastuz SDPP-1 LLP	2,890	13,492	14,096	104%	11,175	12,596
Plant Ekibastuz SDPP-2 JSC	6,134	6,280	4,755	76%	4,790	5,104
ZSDPP JSC	1,378	1,595	2,521	158%	1,009	
Shardarinsk HPP JSC	569	465	565	122%	397	384
Moynak HPP JSC	504	899	577	64%	861	906
Samruk-Green Energy LLP	-	-	0.4	-	3.6	3.6
First Wind Power Plant LLP	-	-	-	-	108	172
Total	**17,418**	**28,587**	**28,216**	**99%**	**24,152**	**24,186**
Electricity transmission volume, million kWh						
AZhC JSC	5,917	5,818	6,235	107%	6,546	6,685
VK REK JSC		3,443	3,391	98%	3,605	
MDPGC JSC	2,478	2,598	2,718	105%	2,551	
Total	**8,395**	**11,859**	**12,344**	**104%**	**12,702**	**6,685**
Electricity sales volume, million kWh						
AlmatyEnergoSbyt LLP	5,626	5,556	5,946	107%	6,199	6,401.21
Shygysenergotrade LLP	-	2,577	2,659	103%	2,760	*
Total	**5,626**	**8,133**	**8,605**	**106%**	**8,958**	**6,401**
Heat production volume, thousand Gcal						
Almaty Power Plants JSC	5,532	4,960	5,580	113%	5,203	5,621.51
Aktobe TPP JSC	1,835	1,760	1,868	106%	1,780	
Plant Ekibastuz SDPP-2 JSC	71	63	103	165%	76	76
ZSDPP JSC	32	10	10	94%	8	
Total	**7,471**	**6,792**	**7,561**	**111%**	**7,067**	**5,698**
Coal mining volume, million tons	**44**	**42**	**38**	**91%**	**37**	**39**

*As a result of sales of VK REK JSC, MDPGC JSC, and Shygysenergotrade LLP, no production KPI were planned for 2016.

The 1% decline (or 371 million kWh) in electricity production volumes in 2014 against 2013 was caused by a decline in the electricity production at the following power plants:

- SDPP-2 JSC: caused by a decline in the electricity sales in the RK market;
- MHPP JSC: caused by a decline in influx of the Sharyn River to the Bestiubinsk water reservoir in 2014, below the forecast level.

The increase in heat production volumes in 2014 by 11% in comparison with 2013 (769 thousand Gcal) was caused by an extension of the heating period and lower outdoor temperatures in the first quarter of the reporting period.

The increase in electricity transmission volume by 4% in comparison with 2013 (or 485 million kWh) and electricity sales volume by electricity suppliers by 6% or 472 million kWh against the 2013 (in actual figures) was caused by lower temperatures in the first quarter of the reporting period in the Almaty Region; therefore, electricity consumption rose in the region.

The decline in coal mining volume by 9% (or 3.7 million tons) was caused by falling demands by RF plants.

Forecast for a future period:

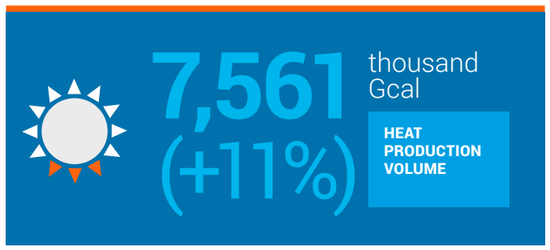
In the 2015 forecast, electricity production volume is reduced by 14% as of comparison to 2014 (in actual figures). Decline in the production volume is due to the limited supplies of electricity by ESDPP-1 LLP to the Russian Federation since November 2014 and a decrease in general electricity consumption across the RK due to the crisis situation.

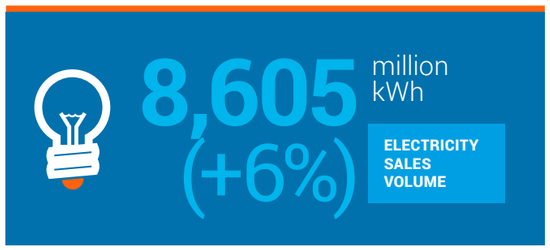
Heat production volume planned for 2015 remains at the 2014 level. It is assumed to drop in 2016 due to Aktobe TPP JSC's sale.

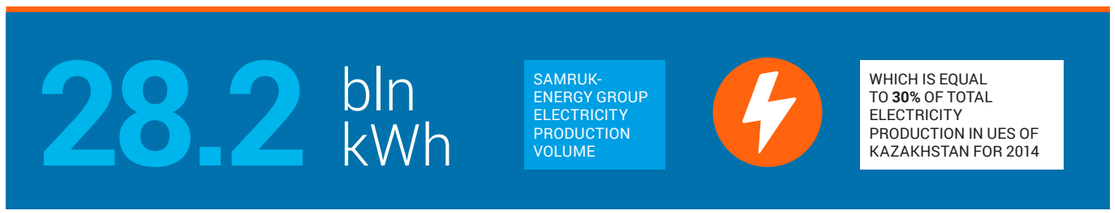
Electricity transmission and distribution volumes are anticipated to grow in 2015 as a result of a growing number of requests by consumers of AZhC JSC and VK REK JSC. In the 2016 forecast, they will drop because of the anticipated VK REK and MDPGC JSCs' sale.

Coal sales volume in the 2015 forecast is lower by 1 million tons or 3% than the 2014 actual figures as a result of declining forecast coal consumption by key consumers, such as Ekibastuz SDPP-1 and RF power plants, taking into account plans of RF power plants to decommission boilers operating on coal from Ekibastuz. In the 2016 forecast, coal sale volume increases by 5% or by 2 million tons against 2015. Coal mining and sales volumes in 2015 and 2016 take into account the forecast electricity generation volume in the RK and the RF.

Income from sales of products and provision of services across Samruk-Energy Group of Companies totaled 178,085 million tenges. Compared to the same period of last year, the amount rose by 131% as a result of a new asset – Ekibastuz SDPP-1 LLP in consolidation last April, with a volume of electricity sales amounting to 14 billion kWh.







FINANCIAL AND ECONOMIC INDICATORS

№	Index, mln tenges	2012	2013	2014	2015 forecast	2016 forecast
1	**Income from sales of products and services rendered ***	**94,558**	**135,844**	**178,085**	**194,442**	**120,729**
1.1.	Electricity production	125,346	47,017	115,904	126,970	118,238
1.2.	Electricity sales by electricity suppliers	88,435	99,014	85,042	96,418	0
1.3.	Heat production	14,029	14,224	14,699	14,577	0
1.4.	Electricity transmission and distribution	34,167	45,927	31,156	34,080	0
1.5.	Chemically treated water sales	998	955	1,792	1,897	0
1.6.	Building and installation, repair works	0	2,239	0	0	0
1.7.	Lease	1,537	1,907	2,050	2,039	2,041
1.8	Others	8,532	9,754	20,682	566	450
2	**Net cost of sales of products and services rendered ***	**77,064**	**104,944**	**120,135**	**140,991**	**61,613**
2.1.	Net cost of electricity production	57,638	30,371	66,122	83,219	61,604
2.2.	Net cost of electricity sales by electricity suppliers	85,303	97,312	85,072	95,817	0
2.3.	Net cost of heat production	16,812	14,735	14,407	15,580	0
2.4.	Net cost of heat transmission	30,335	34,208	25,400	26,490	0
2.5.	Net cost of chemically treated water sales	1,006	1,671	1,742	1,883	0
2.6.	Net cost of building and installation, repair works	0	2,311	0	0	0
2.7.	Net cost of other core activities	3	7	7	9	9
	Amortization of fixed assets and intangible assets	8,146	11,794	25,303	36,509	26,819
3	**Gross profit**	**17,494**	**30,900**	**57,950**	**53,451**	**59,116**
4	Financing income	1,702	3,294	4,064	1,407	3,159
5	Other incomes	6,577	3,799	70,435	787	7
6	Costs related to sales of productsand services rendered	153	105	2,416	2,883	3,488
7	General and administrative costs	6,770	10,718	11,287	12,761	9,732
8	Financial expenses	5,300	8,377	23,993	19,530	18,315
10	Other expenses from non-core activities	4,632	1,314	87,438	1,312	41
11	Share in profit/loss of organizations,considered by equity method	13,177	30,106	12,956	11,447	12,339
12	Profit (loss) from ceasing of activities	60	-92	2,987	3,822	6,382
13	Corporate income tax expenditures	3,522	5,618	10,009	9,036	10,135
14	Minority interest	-126	1,023	-2,696	104	101
15	**Total income**	**18,758**	**40,853**	**15,947**	**25,289**	**39,190**

* Including by types of activities without taking into account elimination

However, in comparison with last year's results, it should be emphasized that, according to the Decree No. 5 of the RK Government on a comprehensive privatization plan and the IFRS standard "Long-term assets to be sold, and terminated operation", the 2014 income does not include assets to be sold, such as Aktobe TPP JSC, energy transmitting companies MDPGC JSC, VK REK JSC, and energy supplier ShET LLP. The income from products' sales and provision of services generated by these assets totals 39,924 million tenges. These assets are shown in the "profit from terminated operation" line, amounting to 2,987 million tenges.

A considerable portion of income is made up of income from electricity sales by power generating companies, whose production volume surpassed 28 billion kWh in 2014.

In addition, income from electricity sales by electricity suppliers, whose production volume surpassed 8.6 billion kWh in 2014, and from provision of services associated with power transmission and distribution of 12.3 billion kWh accounts for a major share in income.

178.1 billion tenges (+131%)

INCOME FROM SALES OF PRODUCTS AND PROVISION OF SERVICES ACROSS SAMRUK-ENERGY GROUP OF COMPANIES IN 2014

Forecast for a future period:

In the 2015 forecast, income from sales is planned to reach 194,442 million tenges, a 9% increase against 2014, as a result of growing rates. In the 2016 forecast, it is planned to decline due to planned sales by electricity suppliers and companies involved in power transmission.

Income from sales of products and provision of services by producers

Index, mln tenges	2012	2013	2014	2015 forecast	2016 forecast
Income from sales of products sales and services rendered	**94,558**	**135,844**	**178,084**	**194,442**	**120,729**
Samruk-Energy JSC	-	9,094	20,399	18,888	20,928
Green Energy LLP	-	-	15	125	132
Bukhtarma HPP JSC	1,495	1,883	2,048	2,039	2,041
Shardarinsk HPP JSC	1,975	1,806	2,422	1,763	1,823
Moynak HPP JSC	413	6,595	4,264	6,632	8,935
AlmatyEnergoSbyt LLP	67,368	74,737	85,042	96,418	-
Samruk-EnergyStroyServis LLP	11,000	2,346	-	-	-
MDPGC JSC	5,853	7,831	-	-	-
AZhC JSC	22,393	28,493	31,431	34,229	-
APP JSC	47,014	48,694	51,909	53,298	-
Aktobe TPP JSC	4,520	5,110	-	-	-
East-Kazakhstan REK JSC	-	10,170	-	-	-
Shygysenergotrade LLP	-	24,277	-	-	-
ESDPP-1 LLP	-	-	73,792	79,633	103,949
PVES LLP	-	-	-	2,406	3,850
Tegis Munay LLP	-	-	-	5	-
Intra-group sales (elimination)	**- 67,472**	**- 85,192**	**- 93,239**	**- 100,992**	**- 20,928**

A major portion of income from the Company's core activities comes from AlmatyEnergoSbyt LLP, SDPP-1 LLP, APP JSC and AZhC JSC. However, turnover within the group is excluded from the total amount in consolidation.

Financial income

Index, mln tenges	2012	2013	2014	2015 forecast	2016 forecast
Interest income on bank deposits	1,698	3,106	3,230	237	67
Others	3	188	407	1,170	3,092
TOTAL	**1,702**	**3,294**	**3,638**	**1,407**	**3,159**

According to 2014 results, financial income amounted to 3,230 million tenges, surpassing the 2013 figures by 4%. Financial income includes income from placing temporary free cash on deposits and income from granting loans within the group to Company subsidiaries.

Forecast for the future period: In the 2016 forecast, no income from deposited funds is planned and fees on extended loans are planned according to a schedule of loan repayment by subsidiaries.

Net cost of products and provision of services

Index, mln tenges	2012	2013	2014	2015 forecast	2016 forecast
Fuel	20,599	19,574	32,388	34,085	18,243
Labor remuneration and related expenses	13,706	19,749	17,978	19,904	3,365
Cost of acquired electricity	12,582	24,068	14,272	14,117	296
Depreciation of fixed assets and amortization of intangible assets	8,146	11,798	25,303	36,509	26,819
Repairs and maintenance	5,542	6,025	7,074	7,556	4,856
Power transmission services and other services	3,631	8,296	7,886	7,657	42
Materials	3,026	1,591	1,756	923	55
Water supply	1,870	2,482	3,941	4,553	1,935
Losses in networks	2,109	3,836	212	-	-
Taxes, other than income tax	1,742	2,601	5,101	6,091	3,722
Services of third-party organizations	1,631	81	1,718	3,179	1,466
Other	2,481	4,564	3,368	6,416	816
TOTAL	**77,064**	**104,665**	**120,997**	**140,991**	**61,613**

According to 2014 results, net cost totaled 120,997 million tenges, a 16% increase on 2013. The main items contributing to this growth were as follows: amortization, fuel and taxes, which is the result of including SDPP-1 LLP in consolidation.

Decline was recorded in several items, including technological losses in networks, purchased electricity, labor costs and other expenses as a result of excluding assets to be sold.

Forecast for the future period: In the 2015 forecast, net cost of electricity production and provision of transmission and distribution services will grow by 19,994 million tenges. The main items contributing to this growth are higher amortization expenses due to additional charges as a result of the revaluation of fixed assets of SDPP-1 LLP. In addition, this rise is associated with the annual increase in the personnel's salaries, taking into account the inflation coefficient and rising prices for purchased fuel and services provided to third-party organizations. In the 2016 forecast, expenses associated with net cost decline as a result of excluding assets to be sold.

Sales costs

Index, mln tenges	2012	2013	2014	2015	2016
				plan	plan
Labor remuneration and social costs to personnel related to the sales process	47	84	15	17	19
Taxes, other than income tax	5	-	-	-	-
Other work and services related to sales	96	18	2,399	2,865	3,470
Business trip expenses	1	2	0	-	-
Other sales expenses	5	1	1	-	-
TOTAL	**153**	**105**	**2,416**	**2,883**	**3,488**

According to 2014 results, sales costs rose as a result of accepting a new asset: SDPP-1 LLP. These changes had an impact on dynamics in the 2015 and 2016 forecasts.

Administrative Expenses

Index, thousand tenges	2012	2013	2014	2015	2016
				plan	plan
Labor remuneration and related expenses	3,279	5,048	5,009	5,615	3,915
Consulting and other professional services	677	1,046	851	1,661	676
Taxes, other than income tax	459	365	41	102	45
Lease expenses	28	511	545	659	546
Depreciation of fixed assets and amortization of intangible assets	384	393	1,102	1,120	894
Business and representation expenses	153	261	234	250	223
Bank fees	129	155	130	142	21
Communication expenses	85	134	93	150	100
Other	1,576	2,805	3,282	3,061	3,311
Total	**6,770**	**10,718**	**11,287**	**12,761**	**9,732**

According to 2014 results, administrative expenses amounted to 11,287 tenges, a 10% increase on 2013. The main items contributing to this increase were amortization and other expenses as a result of including SDPP-1 LLP in consolidation. Expenses in other items declined on account of excluding assets to be sold and optimizing expenses.

Forecast for the future period: In the 2015 forecast, administrative expenses rise by 13% as a result of including costs for the implementation of the Business Transformation Program. In the 2016 forecast, administrative expenses will drop due to the implementation of the cost reduction program and exclusion of assets to be sold.

Financial Costs

Index, mln tenges	2012	2013	2014	2015	2016
				plan	plan
Expenses for loan fees	1,781	5,869	20,648	16,975	16,054
Other financial expenses	3,519	2,453	2,919	2,555	2,261
TOTAL	**5,300**	**8,322**	**23,567**	**19,530**	**18,315**

According to 2014 results, financial expenses totaled 23,567 million tenges, a twofold increase in 2013. They increased because of servicing a loan (100 billion tenges) to acquire the second interest in ESDPP-1.

Forecast for the future period: In the 2016 forecast, financing expenses are accounted in accordance with schedules for financing existing loans.

Liquidity and financial stability ratios

In general, changes in key financial and production indicators had the following impact on liquidity and financial stability ratios.

The **Debt/EBITDA** ratio was 4.52; as compared to last year's data, the ratio increase is a result of an over twofold EBITDA increase. Minor growth of this ratio to 4.88 is planned for 2015 on account of financing the company's investment projects.

The **interest coverage** indicator amounted to 3.0 over the reporting period. The indicator decline as compared to the 2013 figure (3.85) occurred due to a loan to acquire ESDPP-1 and, therefore, higher financing expenses. The indicator is planned to improve in 2015-2016 as a result of growth in operating profit.

The **current liquidity** ratio was 1.39, which is within an established international covenant (at least 1). This ratio is planned to further improve in the 2016 dynamics.

Item	2012	2013	2014
Debt/EBITDA	4.43	5.50	4.52
EBIT/Expenses in interest fees	1.99	2.40	1.86
Current liquidity	2.31	2.01	1.4

Tariff policy

The Samruk-Energy JSC Group of Companies includes the following companies:

Electricity generating companies: Ekibastuz SDPP-1 LLP, Plant Ekibastuz SDPP-2 JSC, Almaty Power Plants JSC, Aktobe TPP JSC, Zhambyl SDPP JSC, Shardarinsk HPP JSC and Moynak HPP JSC;

Electricity transmitting companies: Almaty Zharyk Company JSC, East Kazakhstan REK, JSC and Mangistau REK JSC;

Electricity suppliers: AlmatyEnergoSbyt LLP and Shygysenergotrade LLP.

Depending on the activity of these energy companies, tariff regulation is within the competence of the Committee for Regulation of Natural Monopolies and Competition Protection of the RK National Economy Ministry (hereinafter, the Committee) or the RK Energy Ministry.

Tariffs for energy generating organizations (EGO) were approved by the Government decree for 2009-2015 and include an investment component according to a "tariffs in exchange for investments" principle.

The 2009 cap rates' adoption program improved the investment appeal of Kazakhstan's electric energy industry, which ensured large-scale renovation, reconstruction and the technical revamping of existing assets of power plants.

Tariffs not surpassing the cap figures are established according to the annual investment agreements concluded with the RK Ministry of Energy.

Tariffs for **energy providers** (EP) that are players in a regulated market are subject to the Committee's approval and are worked out taking into account the following expenses: purchase from sources, the System Operator's (KEGOG) transmission, balancing and forwarding services, REC services and EP expenses (supplier markup).

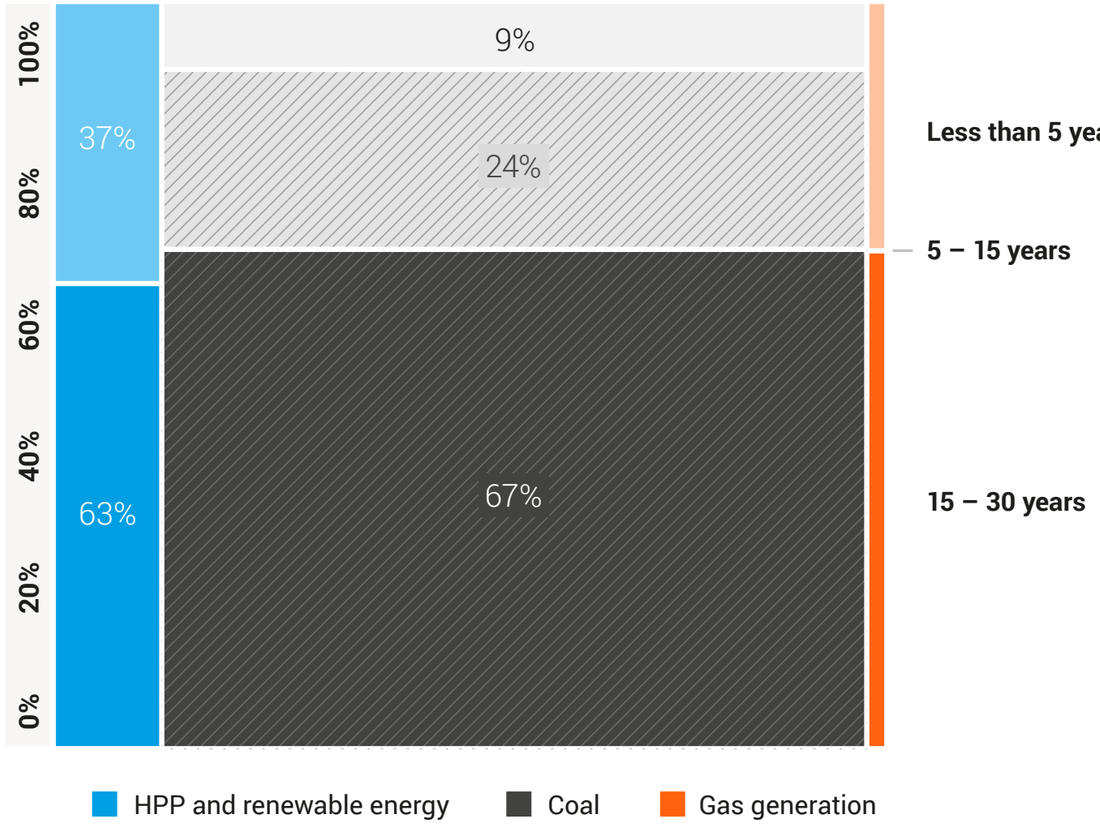
INVESTMENT ACTIVITIES

Company Investment Program for 2014

The key objective of the RK energy industry is to modernize the generating facilities

Most facilities are represented by power units older than 30 years

Share of the power unit age group in installed capacity

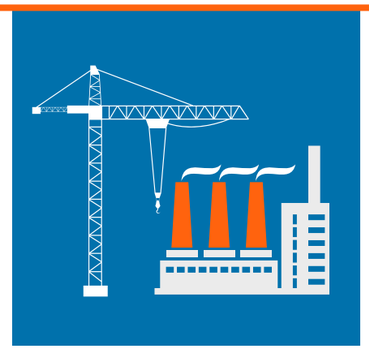


The Company's investment program is aimed at modernizing, reconstructing and building industrial facilities, acquiring and expanding the ownership share in energy companies, ensuring reliable energy supply and satisfying demand for electricity and heat.

In 2014, the Company completed several investment projects:

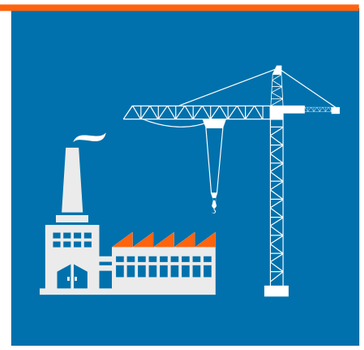
EKIBASTUZ SDPP-1

Restoring unit No. 2, 500 MW capacity at Ekibastuz SDPP-1, to meet growing demand for electricity in Kazakhstan and Russia



ALMATY

Building three substations to supply electricity to the housing and utilities sector of Almaty (SS Altay, Novaya No. 3A (Esentay) and Mamyr)



ALMATY

Building and reconstructing five substations to supply electricity to subway trains, Special Economic Zone "Part of Innovative Technologies" and the HUS of Almaty (Otrar, Novaya No. 16, Alatau and Kensay (Besagash), Toplivnaya)

The investment portfolio consists of 15 investment projects. These projects will allow the Company to cover Kazakhstan's deficit in power and electrical capacity by increasing the capacity of existing stations and creating new capacities. Four projects are executed within the framework of the SP FIID; five projects – within the framework of the Industrtial Development Map. Above, the list of Samruk-Energy Group of Companies' main projects under implementation is provided.

MAP OF INVESTMENT PROJECTS

Projects for building and modernizing generating facilities

1. Modification and Expansion of Ekibastuz SDPP-2 with installation of power block No. 3
It is planned to complete the power block construction in 2017

2. Modification and expansion of Ekibastuz SDPP-1 capacity
The restoration of block No.1 is planned to be completed by 2017

3. Construction of Balkhash TPP
It is planned to complete the construction of the plant by 2018

4. Construction of a gas turbine power plant based on the Pridorozhnoye gas field

5. Modernization of Shardarinsk HPP
It is planned to complete the modernization in 2016

6. WF construction in the Ereymentau area with a capacity of 45 MW and possible upgrade to 300 MW
The plant is planned to be put into operation in Q2 2015

7. WF construction in the Ereymentau area with a capacity of 50 MW and possible upgrade to 300 MW
It is planned to complete the construction of the plant by 2017

8. Construction of the compensating Kerbulak HPP on the Ili River
The project is scheduled to be finished by 2017

9. Reconstruction and modernization of the Aktobe TPP Project
Completion term: 2015

Infrastructure reconstruction and modernization projects

10. 500 kV outdoor switchgear modernization at Ekibastuz SDPP-1
Plant modernization is planned to be completed in 2016

11. Reconstruction of the Almaty 6-10 kV electric network
Completion of the reconstruction is planned in 2015

12. Reconstruction of the combined ash and slag removal system at the Almaty TPP-2
Completion of the reconstruction is planned in 2015

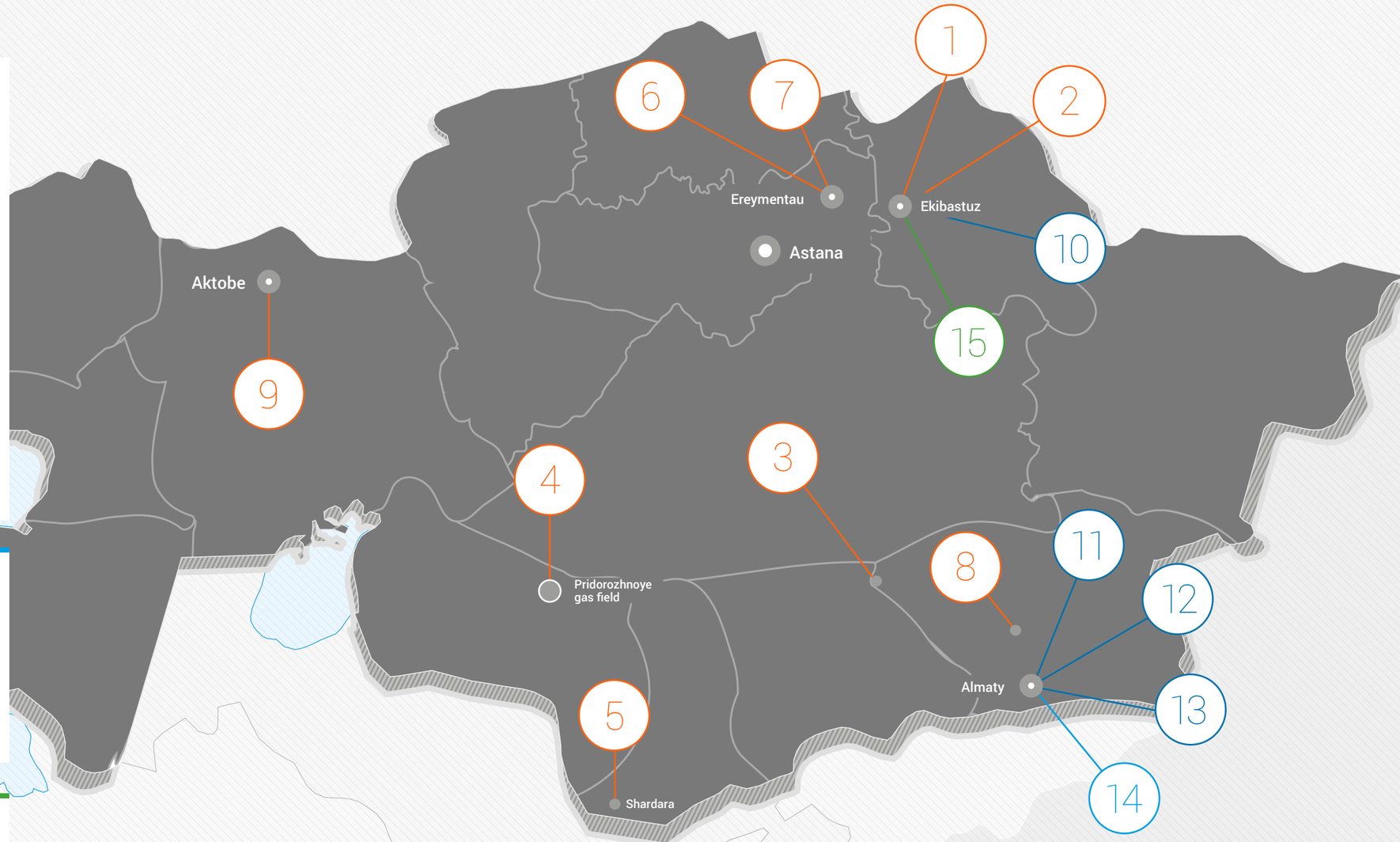
13. Construction of the Turksib 110/10 kV substation
Commissioning is scheduled for Q4 2015

Heat generation modernization project

14. Reconstruction and extension of Almaty TPP-2. Phase 3. Plant No. 8
Project completion is scheduled for Q1 2016

Project for the improvement of coal mining technology

15. Switching over to a cyclical-and-continuous method of coal mining at the Bogatyr section
The project is planned to be completed by late 2018



Projects for building and modernizing generating facilities

Modification and Expansion of Ekibastuz SDPP-2 with installation of power block No. 3

The project for the Modification and Expansion of Ekibastuz SDPP-2 with installation of power block No. 3 (the project has been included in the SP FIID and the Map of Industrial Development) is conducted in order to increase plant capacity by 636 MW, which will lead to the generation of about 4.8 billion kWh of extra power per year.

It is planned to complete the power block construction in 2017.

Modification and expansion of Ekibastuz SDPP-1 capacity

The project for the Modification and Expansion of Ekibastuz SDPP-1 capacity (the project has been included in the SP FIID and the Industrial Development Map) plans to restore blocks No. 8, No. 2, No. 1 and increase existing plant capacity by 1,500 mW respectively. The restoration of block No. 8 was completed in 2012. The restoration of block No. 2 was completed in 2014.

The restoration of block No.1 is planned to be completed by 2017.

Construction of Balkhash TPP

In September 2012, the construction of the first module of Balkhash TPP of 1,320 MW capacity was launched in the presence of the Heads of the Republic of Kazakhstan and the Republic of Korea (the project has been included in the SP FIID and the Industrial Development Map). The project will allow the plant to generate more than 10 bln kWh per year and cover Kazakhstan's deficit in power and electrical capacity.

It is planned to complete the construction of the plant by 2018.

Construction of a gas turbine power plant based on the Pridorozhnoye gas field

The project implies developing the Pridorozhnoye gas field and extracting gas so as to supply fuel for the purposes of a 175.6 MW power plant planned to be built to supply energy to the Kyzyl-Orda and South Kazakhstan Regions, which suffer from energy deficits. At present, additional field exploration is being carried out to determine gas deposits by drilling three prospective wells.

Modernization of Shardarinsk HPP

The modernization of Shardarinsk HPP (the project has been included in the SP FIID and the Industrial Development Map) plans the replacement of morally and physically obsolete equipment in order to increase the performance and safety of plant operations, which will allow the plant to increase the capacity up to 116 MW and generate an extra 57 mln kWh per year.

It is planned to complete the modernization in 2016.

WF construction in the Ereymentau area with a capacity of 45 MW and possible upgrade to 300 MW

The first large wind power plant with a capacity of about 172.2 million kWh of electricity per year is being built in the Republic of Kazakhstan. This project implementation implies reliable and quality supplies of electricity generated by renewable energy sources.

The plant is planned to be put into operation in Q2 2015.

WF construction in the Ereymentau area with a capacity of 50 MW and possible upgrade to 300 MW

This project is implemented as part of the expansion of facilities in the field of renewable energy sources. The plant will generate over 180 million kWh of electricity per year. Construction will make it possible to organize an optimal structure of generating facilities, taking into account the decline in total consumption of fuel and energy resources, minimize negative environmental impact and curb greenhouse gas emissions.

Construction is anticipated to be completed in 2017.

Construction of the compensating Kerbulak HPP on the Ili River

The purpose of the project is to create a compensating water reservoir and an HPP with a capacity of 33 MW for weekly flow regulation during peak loads of the Kapshagay HPP in winter. The Kerbulak HPP will make it possible to increase the regulated capacity of the Kapshagay HPP by 110 MW and generate 245 million kWh of electricity per year.

The project is scheduled to be finished by 2017.

Reconstruction and modernization of the Aktobe TPP Project

It is planned to replace a turbine generating set at station No. 3 as the existing equipment has used up its reserves. Project implementation allows for an increase in capacity from 88 MW up to 117 MW.

Completion term: 2015.

Infrastructure reconstruction and modernization projects

500 kV outdoor switchgear modernization at Ekibastuz SDPP-1

The project is implemented as part of the company's core operations and projects aimed at improving the reliability of Kazakhstan's energy systems as a result of its modernization and quality of energy supplies to consumers. Project implementation helps prevent system defaults due to 500 kV outdoor switchgear equipment breakdown and ensures the reliability of generated electricity release and power transmission to Kazakhstan and Russia.

Plant modernization is planned to be completed in 2016.

Reconstruction of the Almaty 6 – 10 kV electric network

Projects for reconstructing and modernizing Almaty electric networks are implemented in order to increase the capacity of electric networks, reduce short-delivery of electricity and losses in 0.4 – 6 – 10 kV distribution networks; their annual financing totals at least 2.0 billion tenges.

Reconstruction of the combined ash and slag removal system at the Almaty TPP-2

In 2015, using its own funds, APP intends to complete the reconstruction of the combined ash and slag removal system at TPP-2 worth about 7 billion tenges, which will extend the period of faultless operation by 6 or 7 years.

Construction of the Turksib 110/10 kV substation

The construction project for the Turksib 110/10 kV substation with an 80 MVA transformer capacity for the purpose of supplying reliable and continuing electricity is under implementation in order to respond to growing loads in the northern part of Almaty.

Commissioning is scheduled for Q4 2015.

Heat generation modernization project

Reconstruction and extension of Almaty TPP-2. Phase 3. Plant No. 8 Boiler unit

The project will make it possible to respond to the anticipated growth of heat loads and supply heat to the Universiade-2017 facilities, the industrial zone and housing development under the Available Housing – 2020 Program. Additionally generate 450 million kWh annually. Project completion is scheduled for Q1 2016.

Project for the improvement of coal mining technology

Switching over to a cyclical-and-continuous method of coal mining at the Bogatyr section

The project implies gradually switching over to a continuous method of delivering coal to the surface with the help of conveyors and its further averaging on loading complexes in order to achieve a critical excavation depth for using railway transport.

Project implementation will make it possible to:

- increase the volume of coal mining from 32 million tons annually to 40 million tons in the Bogatyr section;
- improve labor productivity by 25%;
- replace obsolete fixed assets relating to coal shipping, crushing and transportation.

The project is planned to be completed by late 2018. In December 2014, Bogatyr Komir LLP and Thyssen Krupp signed a contract on engineering and delivery of equipment, supervised installation and start-up works.

At the same time, the Company carries out active works aimed at including new investment projects in the portfolio. It is planning to launch the implementation of eight investment projects. These include building a TPP in the City of Semey and a wind power plant in the Shelek Corridor, building seven small HPPs, reconstructing and expanding Almaty TPP-1 and switching over to gas, installing a gas turbine plant, reconstructing and modernizing a series of HPPs, Kyzylkungey and Kyzylbulak, developing the energy potential of the Shelek Corridor, and redirecting the flow of the Kensu River to the Bestiubinsk water reservoir of the Moynak HPP.

Low-profitable social projects

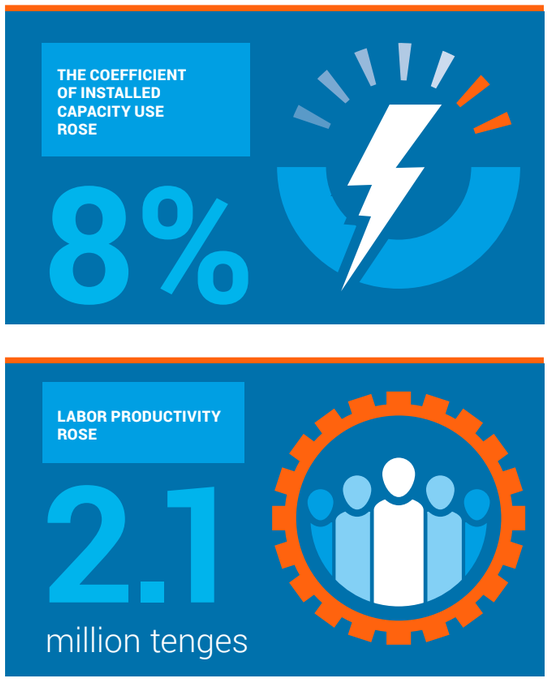
According to recorded order No.01-7.16 of Republic of Kazakhstan President N. A. Nazarbayev dated November 27, 2013 and minutes No. 21-p of Samruk-Kazyna JSC dated November 28, 2013, Samruk-Energy JSC (hereinafter, the Company) and the Astana Akimat were ordered to build a kindergarten for 240 children in the city of Astana.

Project implementation time:	2014-2015
Asset commissioning time:	July 06, 2015
Total cost:	735,252,683 tenges (according to the Company's Development Plan)
Surface area of the building:	2,210 m^2
Number of floors:	2
Location: Astana, left bank of the Ishim River, the Esil District, area of designed streets between Kabanbay Batyr Str. and Orynbor Str. with the designed names of E320, E321, E347, E348.	
Special conditions: upon completing the kindergarten construction and transferring it to public ownership of the Akimat, the Company will be given a quota for its employees amounting to 50% of the total number of pre-school children.	

Interim results of investment activities

Over a period of 2009–2015, the amount of financing according to the investment policy of Samruk-Energy JSC aimed at creating new assets, and ensuring the reconstruction, technical re-equipment and maintenance of the production level and current assets, environmental protection measures will total about 500 billion tenges, including 413.5 billion tenges from 2009 to 2014. There are considerable results in the upgrade and reconstruction of existing facilities:

- -gaps between the installed and available capacities were reduced by 1,151 MW (reduced from 2,647 MW to 1,496 MW), excluding unit No. 2 of ESDPP-1 (including ESDPP-1 by 704 MW, ESDPP-2 by 104.6 MW, ZSDPP by 38.3 MW, APP by 288 MW, SharHPP by 5 MW and Aktobe TPP by 11 MW);
- electricity consumption for in-house needs dropped by 0.73% (consumption for in-house needs declined from 7.93% to 7.2%);
- the coefficient of installed capacity use rose by 8.2% (from 32.3% to 40.5%);
- increase in ash collection coefficients reduced emissions of harmful substances into the environment by 140 thousand tons annually (emissions dropped from 237.3 thousand tons to 147.3 thousand tons);
- labor productivity rose by 2.1 million tenges/person (from 6.7 to 8.8 million tenges/person).



Sources of financing investment projects

In order to attract financing resources, the Company widely uses instruments such as credits and bonds, and borrows monetary funds from the Republican Budget in order to finance socially significant projects. Herewith, the Company uses both internal and external sources of financing, such as the European Bank for Reconstruction and Development, the Clean Technology Fund, etc.

A credit agreement was signed in November 2014 with the European Bank for Reconstruction and Development and the Clean Technology Fund to finance the project "Construction of a 50 MW WF in the Ereymentau area with possible upgrade to 300 MW".

In addition, funds from the RK Republican Budget were borrowed to implement the Balkhash TPP Construction Project.

INNOVATIVE ACTIVITIES, IMPROVING ENERGY EFFICIENCY AND ENERGY SAVING

As part of the RK Government's policy to save energy and improve energy efficiency, Samruk-Energy JSC developed an Energy Saving and Energy Efficiency Improvement Program in 2014.

Pursuant to the Law of the Republic of Kazakhstan "On Energy Saving and Energy Efficiency" adopted in 2012, energy audits of all the subsidiaries of Samruk-Energy, included in the state energy register, are planned to be conducted by 2016 by engaging specialized certified organizations.

The purpose of this Program is to take measures aimed at reasonable and economically feasible utilization of fuel and energy resources by using innovative technologies:

COST REDUCTION

- reducing the cost for power and heat production and transmission, and for the consumption of energy resources, to the level of the world's best companies

RELIABILITY IMPROVEMENT

improving the reliability of energy supplies to consumers

GASP ELIMINATION

eliminating power gaps in power plants

EFFICIENCY IMPROVEMENT

improving efficient use of fuel in power plants

Innovative activities in RES field

KIPS will allow the country to integrate into the global Super Grid System of Europe, Russia and China, initiated by the World Energy Council (hereinafter, WEC)

On the whole level, the following is necessary to efficiently implement the potential for Renewable Energy Sources (RES):

- Improvement of legislation on support for RES;
- Establishing a Competent Body for the purpose of determining the need for RES;
- Establishing the Kazakhstan Intellectual Power System (hereinafter, KIPS).

A highly efficient and technological intellectual power plant will help increase living standards, gain benefits from available advantages and respond to all global challenges:

- Energy safety and reserving;
- Use of transit and exporting potential;
- Use of RES potential (wind power plants, solar power plants, mini-hydro power plants, etc.);
- Full cover of the Republic of Kazakhstan territory – a solution to the problem of remoteness of fuel and power resources (hereinafter, FPR) and generating sources from the industry and population;
- Optimization of the energy structure taking into account available FRP reserves;
- Ecological compatibility of energy, energy efficiency, and energy saving;
- Innovation and scientific development;
- Increase in the added value of Kazakhstan's economy;
- Increase of the state's role in the energy industry.

KIPS will allow the country to integrate into the global Super Grid System of Europe, Russia and China, initiated by the World Energy Council (hereinafter, WEC).

The world tends to decrease of power costs from RES and simultaneously increase costs of power produced by traditional sources, taking into account constantly rising fuel prices. It is necessary to implement measures aimed at reducing the environmental impact.

In a medium-term plan, the Samruk-Energy Group of Companies plans to implement the following projects in the green energy field:

- Construction of a wind farm (WF) in the Shelek Corridor with a 60 MW capacity and possible expansion up to 300 MW, employment during operation – 14 persons, production of more than 226 mln kWh of energy per year;
- Development of the energy potential of the Shelek Region ad redirection of the Kensu River to the Bestiubinsk water reservoir, phase 1 – construction of small HPPs (HPP-1, 2, 19, 29) and the Kensu River redirection; the total installed capacity of small HPPs (HPP-1, 2, 19, 29): 60 MW, with a power production of 220.3 million kWh per year; employment in the period of construction: 970 people; in the period of operation: 71 people; the Kensu River redirection will help increase electricity generation at Moynak HPP by 100 million kWh annually.

Innovative activities in the field of coal and gas generation

The company has set itself the task to promote efficient and environmentally friendly coal technology in the power generation, modern methods for fumes treatment and technologies for collecting and storing carbon dioxide.

Coal generation

The development of coal generation implies applying the following clean coal technologies, which allows to increase the Efficiency Factor of power plants and reduce fuel consumption and specific emissions of greenhouse gases (carbon dioxide) and harmful substances (ash, nitrogen oxides and sulfur):

1. Increase of steam parameters in a steam-power cycle;
2. Further cogeneration development – combined generation of power and heat by constructing modern TPPs in locations where proper heat loads exist;
3. Implementation of modern methods for ash collection and methods for decreasing nitrogen oxides and sulfur emission levels;
4. Utilization of bottom ash – usage in construction and road industry.

The Company executes and plans to implement the following projects in this sector:

- Construction of the 3rd power unit at Ekibastuz SDPP-2 with a 636 MW capacity and higher vapor parameters: temperature – 566 °C and pressure – 24 MPa. Implementation time – 2010-2017. In 2014, facilities of the preparation period were completed, and building and installation works of the main period were launched under the project (works relating to the piling field arrangement for a boiler unit foundation, delivery of metal structures of core equipment to be installed).

- Construction of Balkhash TPP with a capacity of 1,320 MW, higher steam parameters and a dry integrated system of ash and sulfur treatment based on a bag filter. Implementation time: 2010 – 2018. A statement of State Expert Evaluation Republican State Enterprise on the design and estimate documentation of the project was received in 2014. The design documentation was approved by the Committee for Construction, Housing and Utilities, Management of Land Resources of the Republic of Kazakhstan Ministry of National Economy.

- Installation of electric filters at power units of Ekibastuz SDPP-1. Alstom electric filters were put into operation as part of the project of restoring power unit No. 2. On December 30, 2014, the working committee signed a statement of acceptance of power unit No. 2 equipment from restoration repair. Therefore, all the seven operating power units of ESDPP-1 are equipped with highly efficient modern electric filters.

- Introduction of MEEP technology (Moving Electrode Electrostatic Precipitator) made by Hitachi Plant Construction. In 2014, the technology developer began to study the possibility of introducing MEEP technology at Ekibastuz SDPP-1. Reconstruction of one of the existing electric filters by adding an additional MEEP section will be considered according to research results.

- Construction of TPP-3 in the City of Semey. Once a centralized highly efficient energy source is put into operation, multiple low-efficient and environmentally unfriendly boilers will be taken out of operation in the right-bank area of the city. The project feasibility study was sent to the State Expert Evaluation RSE in 2014.

Gas generation

Gas generation implies using a steam gas cycle characterized by a high efficiency ratio and low emissions of carbon dioxide and other harmful substances.

The following projects are planned to be implemented:

- Extension of TPP-1 of APP JSC and installation of a new energy source based on gas turbine technologies. Project implementation time: 2012 – 2018.

- Construction of a gas turbine power plant (GTPP) based on the Pridorozhnoe gas field. The project implies developing a gas field and further extracting gas to supply fuel to a 175.6 MW GTPP planned to be built for additional power supplies to Kyzyl-Orda and South Kazakhstan Regions. Project implementation time: 2011 – 2019.

Innovative activities in the field of power transfer, distribution and sales

State-of-the-art equipment is used in electric networks as part of the implementation of investment projects:

- new generation power transformers characterized by lower electricity losses and equipped with devices preventing fire and explosions;

- 110-220 kV SDS (complete distribution devices with SF6 gas insulation), which considerably reduce the occupied surface, fire threat, and operational expenses;

- devices for relay protection, automatics and telemechanics are based on using modern microprocessing equipment;

- installation of an information management, collection, and processing system (SCADA) permitting to reduce the time for recording and eliminating emergencies, making prompt switches in electrical networks, which helps considerably reduce the cost for visits of emergency teams to connect consumers;

- gradual introduction of an automatic system for commercial power consumption accounting (ASCPCA);

- 35-110-220 kV cable lines with insulation from cross-linked polyethylene characterized by high reliability, huge capacity, low losses, safety and low operational expenses;

- bare wire replacement at the 0.4 kV OL with self-supporting insulated wires (SSIW) so as to reduce commercial losses and operational expenses;

- replacement of 6-10 kV oil switches with vacuum switches to improve fire safety and reduce operational expenses;

- use of composite wires at 110 kV OL to increase capacity;

- introduction of billing systems by energy providers to make settlements with consumers automatic;

- development of a feasibility study for technical means of compensating reactive power in order to evaluate possibilities of optimizing network operation modes by reactive power and voltage levels.

All together, these measures contribute to the stage-by-stage implementation of highly integrated, intellectual system-forming and new generation distribution mains (Smart Grid), the dynamic control of power networks, and improvement of safety and cost saving.

7. CORPORATE MANAGEMENT

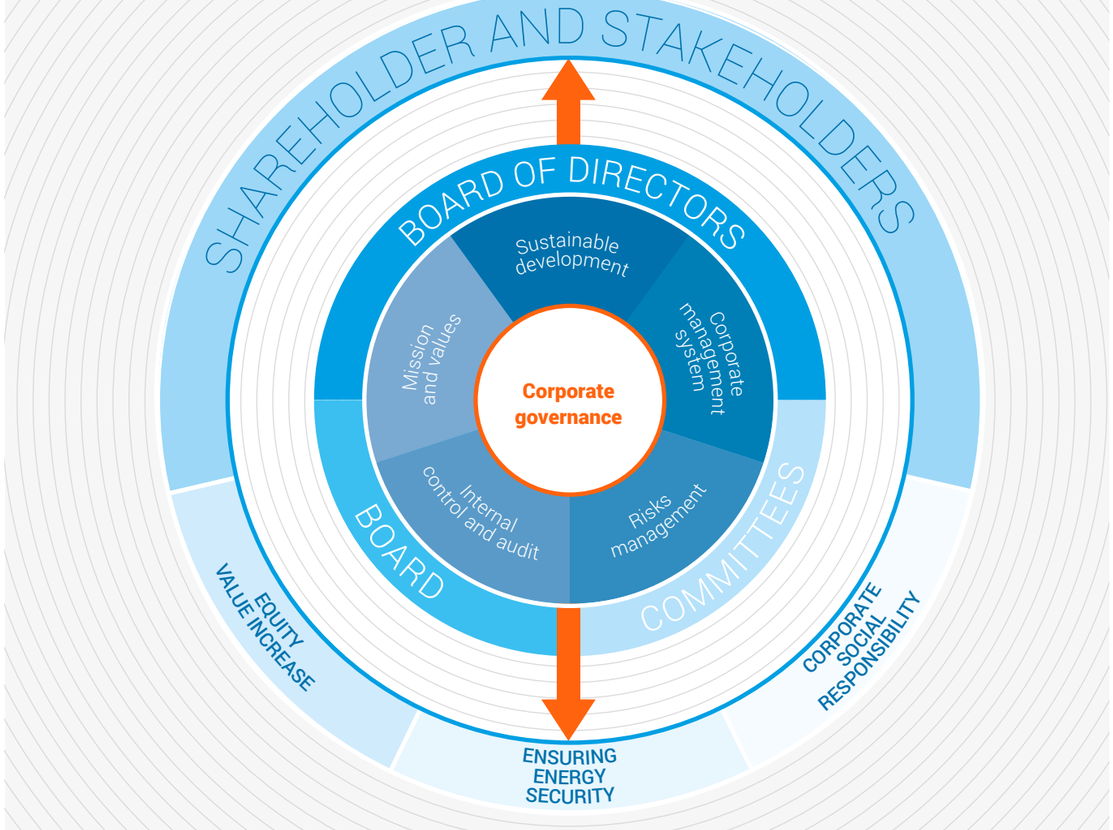
In accordance with the Company's Charter approved by the Sole shareholder on 16 February 2013, the bodies of the Company are as follows:

- **Superior body— Sole Shareholder**
- **Governing body Board of Directors**
- **Executive body Board**
- **Internal Audit Service**

CORPORATE MANAGEMENT STRUCTURE OF SAMRUK-ENERGY JSC

SOLE SHAREHOLDER

- Internal Audit Service
- Corporate Secretary
- **Board of Directors**
  - Committees of the Board of Directors
    - Audit Committee
    - Nominating and Remuneration Committee
    - Strategic Planning Committee
  - **Board**
    - The Committee on Planning and Assessment Activities
    - Credit Committee
  - **Committees of the Board**
    - Strategic Planning Committee
    - Risk and Management system Committee
    - Investment-Innovation Council



INFORMATION ON SHAREHOLDERS

On 29 August 2012 by Decree No.1103 of the Government of the Republic of Kazakhstan, shares of the Company belonging to KazTransGaz JSC were transmitted to the National Welfare Fund Samruk-Kazyna. At this moment, the sole shareholder of the Company is National Welfare Fund Samruk-Kazyna JSC.

Company website: www.sk.kz

BOARD OF DIRECTORS

The Board of Directors is in general charge of the Company's operations excluding settlement of issues related by the Law "On joint stock companies" and by the Company's Charter to exclusive jurisdiction of the General shareholder meeting and executive body.

The Board of Directors consists of seven directors. The members of the Board of Directors are elected by the General Assembly of shareholders.

The best practice of corporate management requires: 1) the presence of directors (who guarantee to make objective decisions conforming at most to the interests of the Company); 2) the shareholder's involvement in the company's strategic governance by annually determining priorities of the Company's key lines of business (shareholders' expectations for the current year are important strategic benchmarks and tools of company management for the Board of Directors).

Members of the Board of Directors as of December 31, 2014

Kuanysh Abdugalievich Bektemirov

General Director for Asset Management of National Welfare Fund Samruk-Kazyna JSC, Chairman of the Board of Directors of Samruk-Energy JSC.

Date of first election: January 31, 2012 (minutes No. 08/12 of National Welfare Fund Samruk-Kazyna JSC dated January 31, 2012).

Mr. Bektemirov holds no shares in suppliers and competitors.

Employment history:

- 1993 – graduated from Al-Farabi Kazakh State University, physical scientist.
- 2004 – graduated from Kazakh National Agrarian University, electrical engineer.
- 2009-2010 – Deputy, First Deputy Director General of Kazgidromet RSE.
- 2011-2012 – Director General of Astanaenergokontrakt.
- Since January, 2012 – Managing Director of National Welfare Fund Samruk-Kazyna JSC.
- Since 2014– General Director for Asset Management at NWF Samruk-Kazyna JSC.
- In 2003 he was elected as Maslikhat Deputy of Taldykorgan, awarded the merit certificate of the Minister of Energy and Mineral Resources "For contribution towards the progress of the RK electric energy sphere", the award pin "Honorable Powerman of the Republic of Kazakhstan, and the anniversary medal dedicated to the 10th anniversary of Astana.

Almassadam Maidanovich Satkaliyev

Chairman of the Company Board, member of the Board of Directors of Samruk-Energy JSC.

Date of first election: July 04, 2007 (Order No. 79-p of the Chairman of the Board of Samruk Holding JSC dated July 4, 2007). On June 15, 2011 by decree of the Board of National Welfare Fund Samruk-Kazyna JSC (minutes No. 26/11), he was elected member of the Board of Directors and the Chairman of the Board of Directors.

Mr. Satkaliyev holds no shares in suppliers and competitors.

Employment history:

- Graduated from Al-Farabi Kazakh State University in 1992, mechanical worker, mathematician – application engineer.
- Ph.D. in Economics. Merited Powerman of the CIS.
- Since December, 2009 – Chairman of the Board of KEGOC JSC.
- Since May, 2011 — Managing Director of National Welfare Fund Samruk-Kazyna JSC.
- Since January, 2012 – Chairman of the Board of Samruk-Energy JSC.

Aleksey Vladimirovich Ogay

Deputy General Director of Power Asset Management of National Welfare Fund Samruk-Kazyna JSC, Member of the Board of Directors of Samruk-Energy JSC.

Date of first election: January 22, 2008 (minutes No. 01/08 of Holding Company Samruk JSC dated January 22, 2008). On June 15, 2011 by decree of the Board of National Welfare Fund Samruk-Kazyna JSC (minutes No. 26/11), he was re-elected as a member of the Board of Directors.

Mr. Ogay holds no shares in suppliers and competitors.

Employment history:

- 1995 – graduated from Almaty University of Power Engineering and Telecommunications. Specialty: electric power plants. Qualification: electrical engineer.
- Since May, 2011 – Director of Power Asset Management of National Welfare Fund Samruk-Kazyna JSC.
- Since 2014: Deputy General Director for Asset Management of NWF Samruk-Kazyna JSC.

Gumarbek Zhusupbekovich Daukeev

Principal of Almaty University of Power Engineering and Telecommunications, independent Director of the Board of Directors.

Chairman of the Nominating and Remuneration Committee, member of the Strategic Planning Committee of Samruk-Energy JSC.

Date of first election: January 22, 2008 (minutes No. 01/08 of Holding Company Samruk JSC dated January 22, 2008). On April 2, 2009 by decision of the Board of National Welfare Fund Samruk-Kazyna JSC, he was re-elected (minutes No. 26/09).

Mr. Daukeev held no shares in suppliers and competitors.

Employment history:

- 1971 – graduated from the V.I. Lenin Kazakh Polytechnic Institute, heat power engineer. Candidate of Technical Sciences (1982). Professor (since 1999).
- 1971 – Assistant, postgraduate student of the V.I. Lenin Kazakh Polytechnic Institute.
- 1975 – postgraduate student, assistant, senior lecturer, Chairman of the Trade Union Committee, associate professor of Almaty Institute of Power Engineering.
- 1997-2014 – Principal of Almaty University of Power Engineering and Telecommunications.
- 1990-1993 – Deputy of the Kalininsky Regional Council of People's Deputies.
- Member of expert councils on tariff policy in the sphere of electric and heat power under the Agency of the Republic of Kazakhstan on the regulation of natural monopolies, Expert Council on tariff policy under the Almaty Akimat, member of the Board of the Union of Power Engineers of Kazakhstan, Association of HEIs of Kazakhstan, the Almaty Regional Council of HEIs Principals. Independent Director of KEGOC JSC.
- Awarded medals dedicated to the 10th anniversary of the Constitution of Kazakhstan (2006), "For Valorous Labor", In Commemoration of the 100th anniversary of V.I. Lenin (1970), the 10th anniversary of independence of the Republic of Kazakhstan (2001), merit badges "Honor Student of the Republic of Kazakhstan (2000), RAO EES of Russia "80th anniversary of GOELRO plan" (2000). Honorary Worker of Education of the Republic of Kazakhstan (2005).
- Author of more than 70 academic papers on the theory and practice of gas fuel burning and heat exchange in power boilers and industrial furnaces, methodology for establishing electric and heat energy tariffs on combined production. Mr. Daukeev has 5 certificates for the invention of industrial furnaces and burner devices.

Mr. Daukeev passed away suddenly on November 01, 2014.

Luca Sutera

Senior Vice President and Financial Director (CFO) at Global & Water Division, ABU DHABI NATIONAL ENERGY COMPANY,

independent Director of the Board of Directors, Chairman of the Audit Committee of Samruk-Energy JSC, member of the Appointment and Award Committee and the Strategic Planning Committee.

Date of first election: On May 08, 2012 by decision of the Board of National Welfare Fund Samruk-Kazyna JSC (minutes No. 21/12), he was elected independent member of the Board of Directors.

Mr. Sutera holds no shares in suppliers and competitors.

Employment history:

- 1996 – graduated from L. Bocconi University of Milan, earned a Master's Degree in Business Administration, major in Finances.
- 2012 – completed the Global Executive MBA International Program (Strategic Planning) at the Madrid Business School IE.
- Since April 2011, Mr. Sutera has been a member of the Russian Association of Independent Directors.
- In April 2014, he became a member of the British Institute of Directors (IoD).
- At present, Mr. Sutera is a member of the Board of Directors of TAQA Energy India (a subsidiary of the Abu Dabi National Energy Company). In the past, Mr. Sutera was a member of the Board of Directors of several leading energy companies.
- Luca Sutera holds an international accounting degree (CPA UK).
- He holds the International Diploma for Members of Boards of Directors issued by the British Institute of Directors (Dip. IoD).
- He has more than 17 years of work experience in the energy sector.

Anatoly Tikhonovich Spitsyn

Vice-President of the Russian Academy of Natural Sciences, Doctor of Economics, active member of the Presidium of the Russian Academy of Natural Sciences (RANS), member of the Union of Architects of the USSR and the RF, first Vice-President of the International Academy of Investments, Director of the Institute for Strategic Studies of Integrated Problems of the EurAsES,

independent Director of the Board of Directors, Chairman of the Strategic Planning Committee, member of the Nominating and Remuneration Committee, member of the Audit Committee of Samruk-Energy JSC.

Date of first election: On May 08, 2012 by the decision of the Board of National Welfare Fund Samruk-Kazyna JSC (minutes No. 21/12) he was elected to be a member of the Board of Directors.

Mr. Spitsyn holds no shares in suppliers and competitors.

Employment history:

- 1962 – graduated from the Odessa Civil Engineering Institute, civil engineer.
- 1972 – postgraduate student of the Academy of Natural Sciences.
- 2009 – Special course at the University of Washington (USA).
- At the moment, Mr. Spitsyn is professor of economics and finances of the social sector of the Russian Presidential Academy of National Economy and Public Administration, Director of the Institute for Strategic Studies of Integrated Problems under the Eurasian Economic Community.

Rupert Andrew Woodward Goodman

Chairman and founder of FIRST – cross-disciplinary organization for international activities, independent Director.

Date of the election: On October 21, 2013 by decision of the Board of Samruk-Kazyna JSC (Minutes No. 61/13), he was elected independent member of the Board of Directors of Samruk-Energy JSC.

Mr. Goodman holds no shares in suppliers and competitors.

Employment history:

- Eton College, Windsor
- Trinity College, Cambridge (2:1 Bachelor (with honors), Master)
- Committee member and Curator of the Kazakhstani-British Association;
- Vice-President of the British-Algerian Business Association;
- Founder, representative of the Responsible Capitalism Initiative;
- Since 2009, Member of the International Advisory Board Atlantic International, Member of the Development Council Artes Mundi (award for achievements in contemporary art);
- Since 2011, Vice-President of the International Association for Flora and Fauna (environmental charity);
- Member of the Royal Geographical Society, Member of the Royal Society on Promotion of Art, Manufacturers and Trade;
- Awarded the Royal Entrepreneurship Award in 2010 and 2013.

Selection criteria for the Board of Directors

The Company has approved the Rules for selection and remuneration for the members of the Board of Directors at Samruk-Energy JSC. Continuous work of National Welfare Fund Samruk-Kazyna JSC, focused on improving the corporate management system. Not only does it predetermine the improvement of the inner legal framework year in and out in accordance with the best practice, but also the improvement of the Company's business processes' efficiency.

As of 31 December 2014, the Board of Directors included:

- An expert in economics, finances and audit – Mr. Luca Sutera, Vice-President of the Group and Financial Director (CFO) of the Global Power & Water Division, Member of the leader team of the ABU DHABI NATIONAL ENERGY COMPANY Group;
- An expert in strategy and electrical energy – Mr. Gumarbek Zhusupbekovich Daukeev, Principal of Almaty University of Power Energy and Telecommunications;
- An expert in corporate social responsibility – Mr. Almassadam Maidanovich Satkaliyev, Chairman of the Board, who directs the Department of Human Resources (HCM) and all aspects related to sponsorship and charity.

Independence criteria for members of the Board of Directors

In accordance with the best world practice for corporate management, the directors shall be independent from the Sole shareholder and company authorities, who guarantee objective decision-making ultimately corresponding to the Company's interests; in accordance with the Law concerning JSC, the number of independent directors shall not be less than one third of the total members of the Board of Directors.

Independence criteria are defined by the legislation of the Republic of Kazakhstan, by the Charter and by the Provision on the Board of Directors of the Company under which:

An independent director is a member of the Company's Board of Directors, who:

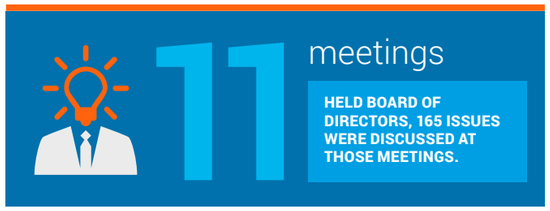
1. is not and, during five years preceding his/her election to the Company's Board of Directors, was not employed by the Company or the Company's affiliates;
2. is not and, during five years preceding his/her election to the Company's Board of Directors, was not a family member (parent, brother, sister, son, daughter), spouse, or relevant (brother, sister, parent, son or daughter of the spouse) of a Company employee;
3. is not an affiliate entity of a non-profit organization receiving funds from the Company or the Company's affiliates;
4. provides no paid services to the Company or the Company's affiliates;
5. is not an official of a legal entity at which the Company employee is a member of the Board of Directors;
6. is not and, during five years preceding his/her election to the Company's Board of Directors, was not an affiliate entity or an employee of an organization conducting or having conducted an audit of the Company or an employee of the said organization's affiliates;
7. is not a person that may determine decisions adopted by the Company or a close relative, heir, legal successor, representative that may determine decisions adopted by the Company;
8. is not an affiliate entity of the Company's shareholder;
9. is not a person appointed or elected, holding any position at a legislative, executive, administrative, or judicial authority of a foreign state, and a person fulfilling any public function for a foreign state;
10. has not been a member of the Company's Board of Directors over seven (7) years;
11. meets other criteria approved by the General Assembly of Shareholders.

The Company's independent directors fully met independence criteria over the reporting period.

Meetings of the Board of Directors

Number of meetings of the Board of Directors

	2012	2013	2014
Total meetings, including	13	13	11
By personal attendance	8	11	9
Via webconferencing	5	2	2



In 2014 the Board of Directors held 11 meetings. Nine of them were held by personal attendance and two meetings were held via a video conference. 165 issues were discussed at those meetings.

In particular, the following issues were emphasized:

1. Approval of the Company's Development Plan for 2015-2019.
2. Approval of project implementation "Reconstruction of 6-10 kV electric networks of Almaty".
3. Approval of the consolidated Register, Risk Card, and Key Risk Management Plan.
4. Approval of the Policy of notification of supposed violations at the Company.
5. Changes in the financing structure of the project "Reconstruction and extension of Almaty TPP-2, 3rd phase. Boiler unit No. 8" of Almaty Power Plants JSC.
6. Amending the long-term development strategy of the Company for 2012 – 2022 and the Plan for implementing the Company's long-term strategy for 2012 – 2022.
7. A corporate management system of the Company's Group of Companies within the context of a strategic goal to switch over to an operating holding.
8. Approval of the Rules for managing credit risk relating to the Company's corporate counterparties.
9. Approval of the Rules for evaluating activities and remuneration of the Company's managing and administrative staff.
10. Amendments to the Company's Corporate Social Responsibility Strategy.

Approved measures by the Board of Directors, taking into account the opinion of the Sole shareholder

The Board of Directors strives to pay attention to the positions and opinions of the Sole shareholder, which includes the following:

- The representatives of the Sole shareholder are the members of the Board of Directors, so all issues discussed at meetings of the Board of Directors are directed by representatives of the Sole shareholder to form a conclusion concerning the agenda of the Board of Directors;
- Members of the Board of Directors participate in diagnostics of corporate management and in meetings with representatives of the Sole shareholder.

In accordance with the Provision on the Board of Directors, the Chairman of the Board of Directors forms an effective link with the Sole shareholder, bringing the Sole shareholder's opinion to the Board of Directors and providing the Sole shareholder with query responses.

Remuneration of members of the Board of Directors

The representatives of the Sole shareholder and the Chairman of the Board as members of the Board of Directors receive no remuneration.

Independent directors receive annual fixed remuneration for performing their duties as members of the Company's Board of Directors and additional remuneration for participating in each meeting in presentia of the Committee of the Company's Board of Directors as members of the committee.

If an independent director participates in less than half of the meetings in presentia and meetings in absentia of the Board of Directors within the accounting period, excluding cases of absence at meetings in presentia due to illness, vacation or business trips, fixed remuneration will not be paid.

An independent director is reimbursed for expenses (transport, accommodation and daily allowance) related to departure for meetings of the Board of Directors and committees of the Board of Directors held outside the place of his/her permanent residency.

ACCRUAL OF ANNUAL FIXED REMUNERATION AND FOR PARTICIPATION IN MEETINGS IN PRESENTIA OF THE COMMITTEES, TAXES INCLUDED, TENGES

	Annual remuneration	Remuneration for meetings in presentia	Total
Gumarbek Zhusupbekovich Daukeev	2,838,177	4,400,000	7,238,177
Luca Sutera	7,316,959	4,546,836	11,836,759
Anatoly Tikhonovich Spitsyn	7,316,959	6,847,484	14,164,443

Holding concurrent positions of the Chairman of the Board of Directors and the Chairman of the Board

For the purpose of delimitating powers and preventing a conflict of interests, positions of the Chairman of the Board of Directors and the Chairman of the Board may not be held at the same time pursuant to the Charter and internal regulations.

In 2014, Kuanysh Abdugalievich Bektemirov was employed as the Chairman of the Board of Directors at Samruk-Energy JSC and Almassadam Maidanovich Satkaliyev was employed as the Chairman of the Board.

COMMITTEES OF THE BOARD OF DIRECTORS

In order to support the activity of the Board of Directors, the Company established the following committees responsible for examining issues and making recommendations for certain issues within the framework of their functional duties:

- Audit Committee;
- Nominating and Remuneration Committee;
- Strategic Planning Committee.

In accordance with the Provisions on committees under the Board of Directors, each committee presents an annual progress report to the Board of Directors.

NUMBER OF EXAMINED ISSUES AT MEETINGS BY COMMITTEES

	2014	2013	2012
Audit Committee	47	31	38
Nominating and Remuneration Committee	32	28	29
Strategic Planning Committee	15	8	10

Audit Committee

The Audit Committee is an advisory and consultative body of the Board of Directors and was established for an analysis and preparation of recommendations on issues of internal and external audit, internal control system and risk management.

The Audit Committee of the Board of Directors has the following members:

Luca Sutera
Independent Director, Chairman of the Audit Committee

Anatoly Tikhonovich Spitsyn
Independent Director, member of the Audit Committee and the Nominating and Remuneration Committee.

Gumarbek Zhusupbekovich Daukeev
Iindependent Director, member of the Audit Committee.

NUMBER OF MEETINGS OF THE AUDIT COMMITTEE

	2014	2013	2012
Number of meetings	10	10	10
By personal attendance	10	10	8
Via webconferencing	0	0	2
Attendance of the Committee's eligible members	100 %	100 %	100 %

Fundamental issues examined at meetings of the Audit Committee:

1. Prior approval of the redrafted annual audit plan for the Internal Audit Service of Samruk-Energy JSC for 2013;
2. Approval of the list of key indicators of Internal Audit Service activity;
3. Report of the Internal Audit Service of Samruk-Energy JSC and evaluation of its activity by quarters, as well as for 2014. Bonus payment to employees of the Internal Audit Service of Samruk-Energy JSC for quarterly results, as well as for 2014;
4. Efficiency evaluation of corporate management, risk management and internal control of Samruk-Energy JSC;
5. Recommendations of an internal audit inspector of Samruk-Energy JSC for 2015;
6. Prior approval of the Consolidated Register and Risk Map of Samruk-Energy JSC;
7. Prior approval of the Action Plan for key risk management of Samruk-Energy JSC;
8. Centralization of the Internal Audit Service of Samruk-Energy JSC;
9. Termination of powers and appointment of IAS employees.

Nomination and Remuneration Committee

Nomination and Remuneration Committee is an advisory and consultative body of the Board of Directors and was established to give recommendations on appointing the members of the Board of Directors, to determine the rates and terms of salary payment and bonus payment to members of the Board of Directors, members of the Board and the Corporate Secretary, as well as the qualification criteria for the Board of Directors, members of the Board and the Corporate Secretary.

The Nomination and Remuneration Committee of the Board of Directors has the following members:

Gumarbek Zhusupbekovich Daukeev
Independent Director, Chairman of the Nomination and Remuneration Committee, member of the Strategic Planning Committee

Anatoly Tikhonovich Spitsyn
Independent Director, member of the Nomination and Remuneration Committee. Since December 15, 2014 – Chairman of the Nomination and Remuneration Committee.

Luca Sutera
Independent Director, member the Nomination and Remuneration Committee.

NUMBER OF MEETINGS OF THE NOMINATING AND REMUNERATION COMMITTEE

	2014	2013	2012
Number of meetings	9	10	6
By personal attendance	9	10	6
Via webconferencing	0	0	0
Attendance of the Committee's eligible members	100%	100%	100%

Fundamental issues examined at meetings of the Nominating and Remuneration Committee:

1. Determination of the number of members of the Board of Samruk-Energy Joint-Stock Company, election of the members of the Board of Samruk-Energy Joint-Stock Company, determination of the time period of their powers and remuneration.
2. Recommendations to the Board of Directors of Samruk-Energy JSC on approval of the Rules for evaluating activities and remuneration, management and administrative staff, Head of the Internal Control Service and the Corporate Secretary of Samruk-Energy JSC.
3. Consideration of motivator long-term performance coefficients of Samruk-Energy JSC's managers for 2015 – 2017.

Strategic Planning Committee

The Strategic Planning Committee is an advisory and consultative body of the Board of Directors and was established for recommendations on strategic issues of the Company's activities.

The Strategic Planning Committee of the Board of Directors has the following members:

Anatoly Tikhonovich Spitsyn
Independent Director, Chairman of the Strategic Planning Committee, member of the Nominating and Remuneration Committee.

Gumarbek Zhusupbekovich Daukeev
Independent Director, member of the Strategic Planning Committee, Chairman of the Nomination and Remuneration Committee.

Luca Sutera
Independent Director, member of the Strategic Planning Committee.

NUMBER OF MEETINGS OF THE STRATEGIC PLANNING COMMITTEE

	2014	2013	2012
Number of meetings	8	6	2
By personal attendance	8	6	2
Via webconferencing	0	0	0
Attendance of eligible members	100%	100%	100%

Fundamental issues examined at meetings of the Strategic Planning Committee:

1. Amendments to the long-term Development Strategy of Samruk-Energy JSC for 2012 2022 and the Implementation Plan for the long-term strategy of Samruk-Energy JSC for 2012 2022.
2. Report on execution of the Implementation Plan for the Development Strategy of Samruk-Energy JSC for 2013.
3. Expectation Plan of the sole shareholder of Samruk-Energy JSC for 2014.

INTERNAL AUDIT SERVICE

Mission, personnel, functions:

The Internal Audit Service assists the Board of Directors and the Executive Body in the performance of their duties aimed at achieving the Company's strategic goals and its subsidiaries and affiliates.

The main purpose of the Service is to provide the Board of Directors with independent and objective guarantees and consultations aimed at improving the risk management, internal control and corporate Company's governance systems and its subsidiaries and affiliates.

The Director and employees of the Internal Audit Service are appointed by the Board of Directors. The Internal Audit Service is supervised by the Audit Committee of the Board of Directors.

In 2014, actual personnel of the Internal Audit Service amounted to 7 persons. The head of the service is Akmaral Kakimovna Seidigalieva.

The Internal Audit Service performs its activities on the basis of international professional standards for internal audit.

The main functions of the Internal Audit Service include:

- assessing risks, the adequacy and efficiency of internal control over risks in the field of corporate governance, operational (production and financial) activities of the Company and its subsidiaries and affiliates, and also their information systems;
- assessing (diagnosing), in accordance with established procedure, the corporate governance system of the Company, its subsidiaries and affiliates, including introducing and complying with corporate governance principles that meet the ethical standards and values of the Company and its subsidiaries and affiliates;
- controlling compliance with the requirements of the Republic of Kazakhstan laws, international treaties, Company's internal documents and its subsidiaries and affiliates, executing instructions of competent and controlling bodies, decisions of the bodies of the Company and its subsidiaries and affiliates, as well as assessing systems created for the purposes of conforming to the above requirements;
- assessing the adequacy of measures taken by the units of the Company and its subsidiaries and affiliates to ensure accomplishment of their tasks within the framework of the strategic objectives of the Company, its subsidiaries and affiliates.

Plan implementation within the accounting period

Within the accounting year, the Internal Audit Service audited nine subsidiaries and affiliates and six structural subdivisions of the Company's Corporate Center and performed eight out-of-schedule tasks.

In addition, it diagnosed the corporate governance of four key subsidiaries and affiliates, audited the efficiency of three key subsidiaries' organization units and affiliates, the efficiency of managing an investment project portfolio, and tested the efficiency of business process controls included in the risk matrix at five key subsidiaries and affiliates.

Proper recommendations were given by the Internal Audit Service based on the audit results.

Evaluation of the IAS and the activities of the director

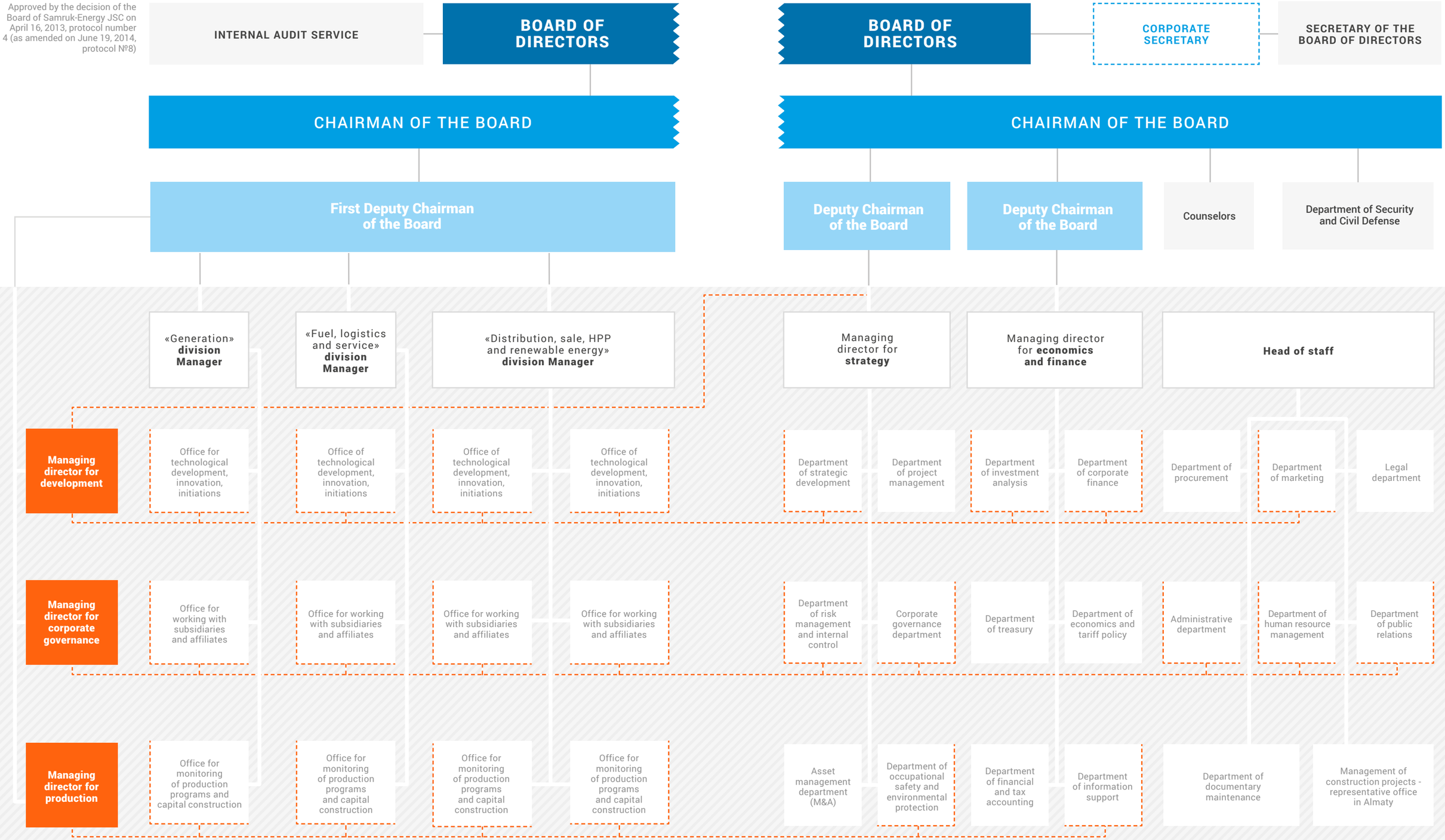
The efficiency of the Internal Audit Service and the director's activities is estimated quarterly according to the Procedure established by the Decision of the Board of Directors and approved by the Decision of the Audit Committee of the Board of Directors.

Performance evaluation

The activity of the Service by the results of 2014 was evaluated as efficient by the Board of Directors.

SAMRUK-ENERGY JSC ORGANIZATIONAL STRUCTURE

Approved by the decision of the Board of Samruk-Energy JSC on April 16, 2013, protocol number 4 (as amended on June 19, 2014, protocol №8)



* Changes in the organizational structure of Samruk-Energy JSC effective from 07.08.2014

BOARD

The management of the Company's current activities is performed by a collegial body in the form of the Board headed by the Chairman of the Board. The activity of the Board is focused on maximum safeguarding of shareholders' interests, as well as the performance of tasks of the Company and the implementation of its strategy.

Working organization of the Board, procedures for its convocation and meetings, procedures for making decisions are determined by the Provision on the Board approved by the Board of Directors on September 7, 2012 (redrafted).

The fundamental principles of the Board's activity are: honesty, fair practice, rationality, prudence and accountability.

The Board's activity is built on the basis of safeguarding shareholders' interests and is completely accountable to the shareholder and to the Board of Directors.

The Board holds regular meetings in presentia in the form of voting.

In order to efficiently select candidatures for management and administrative positions, arrange and secure them and improve professional qualifications, the Company has a list of qualification criteria and requirements for the above category of staff and candidates for members of the Company's Board.

Qualification criteria include requirements for educational attainment, work experience in the relevant field, work experience at management positions, as well as requirements for professional knowledge and skills needed to perform specific official duties, knowledge of legislative and other regulatory documents governing the Company's production and business, financial and economic activities, knowledge of the challenges, strategy and priorities of the Company's technical, economic and social development.

According to the decision of the Board of Directors dated January 01, 2014, the Board includes nine members:

Almassadam Maidanovich Satkaliyev	Chairman of the Board
Serik Kenesbekovich Ospanov	First Deputy Chairman of the Board
Valery Konstantinovich Lee	Deputy Chairman of the Board
Kairat Berikovich Maksutov	Deputy Chairman of the Board
Gani Galiollauly Salimzhuarov	Head of the Distribution and Sales Division, HPP and RES
Sergey Viktorovich Platonov	Head, Logistics and Service Division
Rustem Nurlanovich Makulbekov	CEO of the HPP and RES division
Kanysh Tanirbergenovich Moldabayev	Managing Director for Development
Mira Zhaksylykovna Auezova	Director of the Legal Department

Board members as of December 31, 2014

As of December 31, 2014, the Board included the following members:

Almassadam Maidanovich Satkaliyev	Chairman of the Board
Valery Konstantinovich Lee	First Deputy Chairman of the Board
Kairat Berikovich Maksutov	Deputy Chairman of the Board
Kanysh Tanirbergenovich Moldabayev	Deputy Chairman of the Board
Gani Galiollauly Salimzhuarov	Head of the Distribution and Sales Division, HPP and RES
Sergey Viktorovich Platonov	Head of the Fuel, Logistics and Service Division
Serik Suinbekovich Tiutebaev	Head of the Generation Division
Saltanat Amangosovna Shunaeva	Managing Director for Strategy
Mira Zhaksylykovna Auezova	Director of the Legal Department

In 2014 19 Board meetings in presentia were held and 331 issues were considered. All decisions were unanimously approved by the Board members.

Members of the Board

Almassadam Maidanovich Satkaliyev

Chairman of the Board, member of the Board of Directors

Candidate of Economic Studies

Merited Powerman of the CIS

Date of birth: October 31, 1970

Citizenship: Republic of Kazakhstan

Employment history:

- 1992 – graduated from Al-Farabi Kazakh State University, machine operator, mathematician-application engineer.
- Since December, 2009 — Chairman of the Board of KEGOC JSC.
- Since May, 2011 — Managing Director of National Welfare Fund Samruk-Kazyna JSC.
- Since January, 2012 – Chairman of the Board of the Company.

Valery Konstantinovich Lee

Deputy Chairman of the Board

Date of birth: August 20, 1951

Citizenship: Republic of Kazakhstan

Employment history:

- 1974 – graduated from the Moscow Power Engineering Institute, mechanical engineer.
- 1993 – graduated from Almaty Institute of National Economy, economist.
- 1997-2012 – Head of the Department of Chief Sales Operator at the Department of Contracts and Commercial Balance, Head of the Sales Department, Deputy Director of the Commercial Department, Director of the Sales Department, CEO, Vice-President, CEO of System Services and Logistics Support at KEGOC JSC.
- 2012-2013 – Managing Director of the Company, Head of the Generation Division.
- October 2013 – appointed Deputy Chairman of the Board; since April 2014 – First Deputy Chairman of the Board.

Mr. Lee holds no shares in suppliers and competitors.

Kairat Berikovich Maksutov

Deputy Chairman of the Board

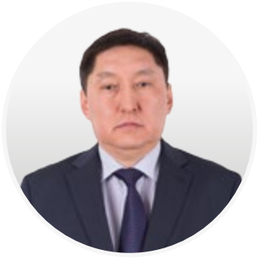
Date of birth: May 16, 1970

Citizenship: Republic of Kazakhstan

Employment history:

- 1991 – graduated from Karaganda Kazpotrebsoyuz Cooperative Institute, economist-inspector.
- 2009-2012 – Deputy Chairman of Finances and Economics Administration of the Company.
- 2012-2013 – Managing Director, Managing Director of Corporate Administration of the Company.
- Since November 2013 – Deputy Chairman of the Board.

Mr. Maksutov holds no shares in suppliers and competitors.



Kanysh Tanirbergenovich Moldabayev

Deputy Chairman of the Board

Date of birth: October 23, 1963.

Citizenship: Republic of Kazakhstan.

Employment history:

- 1987 – graduated from Pavlodar Industrial Institute, electrical engineer.
- 2002 – graduated from Karaganda State Technical University, attorney economist.
- 2004 – graduated from the Academy of Public Services under the President of the Republic of Kazakhstan, Manager of Public Services.
- 2009-2011 – Director of NES Development Department, KEGOC JSC.
- 2011-2012 – Director of Personal Asset Management, National Welfare Fund Samruk-Kazyna JSC.
- March–November, 2012 – Director of the Department of Innovation and Technological Policy and Development of the Company.
- November, 2012 – Managing Director of Development of the Company.
- Since April 2014 – Deputy Chairman of the Board.

Mr. Moldabayev holds no shares in suppliers and competitors.

Gani Galiollauly Salimzhuarov

Head of the Distribution and Sales Division, HPP and RES.

Date of birth: May 20, 1954.

Citizenship: Republic of Kazakhstan.

Employment history:

- 1982 – graduated from Pavlodar Industrial Institute, specialty: Electric Networks and Systems.
- 2009-2011 – Deputy Chairman of Production and Development of Alatau Zharyk Company JSC.
- 2011-2012 – Chairman of the Board, Plant Ekibastuz Plant SDPP-2 JSC.
- February-November, 2012 – Managing Director of the Company.
- November, 2012 — to date – Managing Director of the Distribution and Sales Division of the Company.
- Since July 2014 – Manager of the Distribution, Sales, HPP and RES Division.

Mr. Salimzhuarov holds no shares in suppliers and competitors.

Sergey Viktorovich Platonov

Head of the Fuel, Logistics and Service Division

Date of birth: July 28, 1955

Citizenship: Republic of Kazakhstan

Employment history:

- 2008-2011 – Goal Trade Company LLP, Chairman of the Committee on Subsurface Use.
- 2011-2012 – Director of the Fuel and Logistics Department of the Company.
- November, 2012 – Managing Director of the Fuel, Logistics and Service Division.

Mr. Platonov holds no shares in suppliers and competitors.

Serik Suinbekovich Tiutebaev

Head of the Generation Division

Date of birth: May 27, 1958.

Citizenship: Republic of Kazakhstan.

Employment history:

- 1981 – graduated from the Almaty Energy Institute, engineer, heat power engineer.
- 2000 – graduated from the Almaty Energy Institute, specialty: Economics and Management at FES Plants.
- 2010-2011 – Deputy Chairman of the Board of Almaty Power Plants JSC.
- 2011-2013 – Head of the Energy and Household and Utilities Department of Almaty.
- 2013-2014 – Deputy Chairman of the Board for Production at SEVKAZENERGO JSC.
- Since January 2014 – Manager of the Generation Division.

Mr. Tiutebaev holds no shares in suppliers and competitors.

Saltanat Amangosovna Shunaeva

Managing Director for Strategy

Date of birth: July 22, 1974

Citizenship: Republic of Kazakhstan

Employment history:

- 1995 – graduated from the Kazakh State Management Academy, international economist.
- 2008-2010 – Investment Manager of Department No.2 of Investment Funds, Director of the Treasury Department, Director of the Department of Foreign Funds of Kazyna Capital Management JSC.
- 2010-2012 – Managing Director for Investments, Director of the Company's Project Management Department.
- November 2012 – Managing Director for Strategy.

Ms. Shunaeva holds no shares in suppliers and competitors.

Mira Zhaksylykovna Auezova

Director of the Legal Department

Date of birth: September 7, 1977.

Citizenship: Republic of Kazakhstan.

Employment history:

- 1998 – graduated from Kazakh State Law University.
- 2008-2012 – Director of the Legal Department of KEGOC JSC.
- Since February, 2012 – Director of the Legal Department.

Ms. Auezova holds no shares in suppliers and competitors.

NUMBER OF MEETINGS OF THE BOARD

	2014	2013	2012
Number of meetings	19	12	21
Share of meetings in presentia	100%	100%	100%
Number of issues examined	331	234	139

Selection criteria for members of the Board

The number of members, term of power, election of members of the Board, as well as the appointment of the Chairman of the Board upon condition of coordinating the appointment of the Chairman of the Board by the shareholder are determined under the sole jurisdiction of the Board of Directors.

In case of election and appointment of a member of the Board, the Board of Directors follows Company by-laws that determine the requirements for applicants and the procedure of their elections.

Applicants for Board membership shall have the experience, knowledge and qualification needed for due performance of their responsibilities, have a positive reputation and win majority of directors' approvals.

The selection and appointment of applicants are performed on the basis of the most transparent and distinct procedures established by the Board of Directors.

Efficiency of the Board

Interrelation between remuneration of Board members and their performance results

Remuneration to Board members is paid according to the approved key performance indicators (KPIs). The indicators and remuneration amount are determined based on the evaluation results of approved KPIs for each member of the Board. The planned amount of the calendar year results are also taken into account. The availability of consolidated profits for the reporting period is an additional condition for remuneration payment.

EXECUTION OF STRATEGIC KPIS OF SAMRUK-ENERGY JSC

№	No. KPI	UoM	2014		% exec.
			Plan	Actl.	
Production indicators					
1	Capacity factor (CF)	%	38	40	100%
2	Labor productivity in electricity generation	thous. kWh/person	3,485	3,740	107%
Financial indicators					
3	EVA	mln. tenges	-69,167	-60,662	114%
4	Value increase	%	-	-	-
5	Extended dividends	mln. tenges	14,558	14,220	98%
6	Debt/Equity	ratio	1.00	0.65	65%
7	EBIT/Interest fee expenses	ratio	1.59	1.86	117%
Social indicators					
8	Injury level per 1,000 persons	ratio	Not planned	0.17	-
9	Social stability rating	%	63	69	110%
Corporate governance indicators					
10	Corporate governance rating	%	72	73.5	102%

Production KPIs

Labor productivity in electricity production is above the planned level by 7% due to a higher level of electricity generation.

Financial KPIs

EVA improvement is due to the increase in the ROACE indicator by 14% as a result of growing profit and invested capital decrease.

Debt/Equity ratio improvement is driven by the 30% debt reduction as a result of capitalizing the loan for the acquisition of the second share of SDPP-1 totaling 100 billion tenges.

The improvement of the EBIT/Expenses ratio relating to the interest fees is due to the 17% decrease in expenses of interest fees as a result of partial loan capitalization.

Social KPIs

In 2014, the rating of the social stability of production personnel across the Samruk-Energy JSC Group of Companies was characterized by positive dynamics and increased from 63% to 69%. Thus, several subsidiaries of the Company recorded considerable growth in the social stability index. For example, Shardarinsk HPP JSC (from 64% to 81%), T. I. Baturov Zhambyl SDPP (from 62% to 81%), Shygysenergotrade LLP (from 62% to 78%); only Aktobe TPP JSC recorded this indicator decline from 69% to 64%, although the index is still "above average". It should also be noted that in 2013 only one company had a "high" rating and in 2014 a high stability level was reached by 3 subsidiaries.

Corporate governance KPIs

In 2014, the corporate governance rating rose slightly by 2% as compared to the plan.

Measures to incorporate the opinion of the Board of Directors in relation to the Company

While performing its managing functions in the Company, the Board of Directors determines strategic goals and priority development fields, and sets the main guidelines for Company activities.

The Board, in turn, carries out all the decisions and instructions of the Board of Directors.

The opinion of the Board of Directors is also taken into account when studying issues of the Company's investment-innovative activities given that one of the members of the Board of Directors is a member of an advisory and consultative body.

COMMITTEES OF THE BOARD

Today, the following advisory and consultative bodies (hereinafter referred to as ACB) operate under the Board:

- Risk and Management Committee;
- Planning and Performance Appraisal Committee;
- Credit Committee;
- Strategic Planning Committee;
- Investment and Innovations Council.

All committees are accountable for the Board and act within the framework of jurisdiction granted by the Board in accordance with the provisions on these bodies.

Risk and Management Committee

Purpose – to contribute to the Board in making decisions in the field of risk management and the management system.

Regulatory document – the Provision on the Risk and Management Committee was approved by the decision of the Board of the Company on April 2, 2013.

Chairman of the Committee – Chairman of the Board.

Deputy Chairman – Managing Director for Corporate Management.

Members of the Committee – Managing Director of the Generation Division, Managing Director of the HPP and RES Division, Managing Director of the Fuel, Logistics and Service Division, Head of the Distribution and Sales Division, Head for Strategy, Head of the Department, Managing Director for production, Managing Director for Development, Head of the Internal Audit Service (non-voting).

	Total	By personal attendance	Via webconferencing
Number of meetings	6	6	0
Number of examined issues	32		
Key issues examined by the Committee	Quarterly prior approval of the report of the Head of the Structural Subdivision in charge of risk management with a description and analysis of key risks		
	Annual approval of action plans for the improvement of the Complex risk management system (CRMS), action plan for key risk management, the Complex internal control system (CICS), the Complex monitor system (CMS)		
	Coordination of bylaws according to SRM, ICS and CMS		
	Approval of Risk appetite, Register and Risk Cards, Key risk indicators, Plan for managing key risks and tolerance levels on an annual basis.		
	Examination of issues to improve CMS		

Planning and Performance Appraisal Committee

Purpose – to improve the efficiency of Company activities and activities of its subsidiaries and affiliates, including optimization of their assets and expenditure structures.

Regulatory document – the Provision on the Committee was approved by the Board of the Company on April 18, 2011.

Chairman of the Committee – Chairman of the Board.

Deputies of the Chairman – deputies of the Chairman of the Board in charge of issues in the real and financial sector.

Members of the Committee – members of the Board, managing directors supervising strategic and investment issues, directors of departments responsible for production, strategy, economics and budgeting, financing, investments, treasury, human resources and procurement.

	Total	By personal attendance	Via webconferencing
Number of meetings	30	16	14
Number of examined issues	30		
Key issues examined by the Committee	Examination of development plans for Company subsidiaries for 2015-2019, inclusive of amendments.		
	Examination of development plans for Company subsidiaries for 2015-2019.		
	Approval of amendments for the development plan of the Company's Corporate Center for 2014.		

Credit Committee

Purpose – to ensure timely and quality adoption of decisions on issues stipulated by this Provision, associated with the granting of credits (loans), financial aid, and issues of guarantees, management of assets and liabilities, minimization of risks associated with attracting and placing funds, increase in profitability of Samruk-Energy JSC.

Deputy Chairman of the Credit Committee – Managing Director for Economics and Financing.

Members of the Committee:
- personnel of Samruk-Energy JSC JV responsible for corporate finances, financial and tax accounting and economic planning and pricing;
- treasury operations, risk management and internal control, investments by Samruk-Energy JSC.

Credit Committee members may additionally include employees of Samruk-Energy JSC.

Key issues considered by the Committee:
- preliminary approval of an investment decision on placing temporarily free funds (TFF) of the Company.
- preliminary approval of the consolidated limits of Samruk-Energy JSC according to balance sheet and off-balance sheet liabilities on counterparty banks in 2014.

Strategic Planning Committee

Purpose – to prepare suggestions to the Board of Directors concerning the development of priority areas, strategic goals (development strategies) of the Company, including the development of measures contributing to efficiency improvement with regard to the Company activities and activities of its affiliates and subsidiaries in the long term.

Regulatory document – the Provision on the Strategic Planning Committee was approved on April 2, 2013.

Chairman – First Deputy Chairman of the Board.

Deputy Chairman – Managing Director for Strategy.

Members of the Committee: Managing Director for Corporate Management, Managing Director for Economics and Finance, Managing Director for Production, Managing Director for Development, Head of the Generation Division, Head of the HPP and RES Division, Head of the Fuel, Logistics and Service Division, Head of the Distribution and Sales Division, Director of the Department for Strategic Development, Director of the Department for Project Management.

Investment and Innovations Council

Purpose – to improve the investment efficiency and innovative activity and increase Kazakh content in the Company and its subsidiaries and affiliates.

Regulatory documents – the Provision on the Council was approved by the Board of the Company on October 10, 2011.

Chairman – Chairman of the Board.

Deputy Chairman – First Deputy Chairman of the Board.

Members of the Committee: members of the Board, chief directors supervising production, assets and project management, finances and economics, representatives of Company subsidiaries and affiliates, a member of the Board of Directors and independent experts.

	Total	By personal attendance	Via webconferencing
Number of meetings	11	8	3
Number of examined issues	34		
Key issues examined by the Committee	Approval of the implementation of the investment phase of the project "Construction of the wind power plant in the Shelek Corridor with a capacity of 60 MW and possible extension to 300 MW".		
	Approval of the reconstruction and extension of Almaty TPP-2 APP, 3rd phase, reconstruction of boiler units No. 1-7.		
	Approval of the pre-investment phase of the project "Construction of the 4th power unit at Ekibastuz SDPP-2 and possible further plant expansion".		
	Approval of the Program for energy saving and improvement of energy efficiency at the Samruk-Energy Group of Companies.		
	Approval of the reconstruction of heat outlets of Almaty TPP-2 and APP JSC.		
	Implementation of the pre-investment phase of the project "Reconstruction and modernization of Almaty TPP-3 and APP JSC".		

OBSERVANCE OF PRINCIPLES AND CORPORATE MANAGEMENT PROCESSES

The Corporate Management Code of the Company was approved by the decision of the Sole shareholder (Annex to Order No. 165-P dated November 12, 2007).

Fundamental principles of the Corporate Management Code are:

- protection of shareholders' rights and interests;
- efficient management of the Company by the Board of Directors;
- efficient management of the Company by the Board;
- independent activity of the Company;
- transparency and fairness of information disclosure concerning Company activity;
- legitimacy and ethics;
- an efficient dividend policy;
- an efficient personnel policy;
- environmental protection;
- regulation of corporate conflicts and conflicts of interest;
- responsibility.

The report on observance of corporate management principles is published on the website of Samruk-Energy JSC.

Mechanisms to help Company shareholders and employees direct activity of the highest governing body or give recommendations

Interaction between the members of the Board of Directors is regulated by the Interaction Procedure concerning the activity of representatives of National Welfare Fund Samruk-Kazyna JSC within the Boards of Directors and supervisory councils of the Samruk-Kazyna JSC Group of Companies (approved by the decision of the Board of Samruk-Kazyna JSC dated September 3, 2010, Minutes No. 53/10).

Special mechanisms to helping employees give recommendations to members of the Board of Directors are not applied within the Company. However, the management system has no limitations as to relaying opinions and concerns of employees to the Board of Directors.

Precautionary principle

The Company adheres to the 15th Precautionary Principle set in the Declaration, approved at the UN Conference on environment and development, which was held in Rio-de-Janeiro on June 3-4, 1992.

Within the framework of further environmental protection, the Government of the Republic of Kazakhstan approved Decision No. 1232 dated December 14, 2007 confirming the Technical Regulation "Requirements for emissions generated by combustion of various types of fuel in boiler units of thermal stations", which came into force on January 1, 2013.

The Samruk-Energy Group of Companies is aware of certain environmental damage caused by its activities, so it implements measures contributing to emission reduction. To make the goals conformant to the requirements of the Technical Regulation, the Samruk-Energy Group of Companies strives to reduce emissions and has started installing smoke filters, which allow the Company to reduce environmental pollution considerably.

Participation in charters and initiatives

Many problems of the contemporary world, such as climate change, environmental pollution, poverty and others, cover all sides of people's lives and relate to all countries of the world.

eing one of the largest organizations in the Republic of Kazakhstan, accepts the major part of the responsibility for the settlement of these problems.

To demonstrate its adherence to principles of corporate social responsibility, the Company joined the UN Global Compact on October 5, 2011. Today, it supports ten principles of the UN Global Compact.

In 2012, the Company started to provide information on progress achieved, which served as a statement about undeviating support for the United Nations Global Compact principles and describing measures focused on compliance with its principles and their results.

Membership in associations and/or national and international organizations involved in the protection of interests

Samruk-Energy JSC is a member of the following associations/organizations:

- KAZENERGY Kazakh Association of Oil, Gas and Energy Organizations;
- CIS Electric Energy Council;
- Kazakh Electric Energy Association;
- World Energy Council;
- European Wind Energy Association.

Ombudsman: Management of conflicts

The prevention of conflicts of interest is strictly observed by all employees irrespective of their status and occupation and covers all aspects of Company activities, starting from personnel recruitment to procurement. Deliberate acts focused on the violation of requirements of the Code for Business Conduct and Corporate Management are considered by the Company as a disciplinary offence which can lead to prosecution set forth by the legislation of the Republic of Kazakhstan.

In order to keep its employees informed, the Company developed the Code for Business Conduct and Corporate Management regulating a policy in the sphere of conflicts of interest. A standard contract contains employees' duties related to the observance of provisions of the Code for Business Conduct and the Code for Corporate Management.

In order to ensure the observation of requirements of the Code for Business Conduct, Samruk-Energy JSC established a hot line and e-mail address; this information can be found on the web-site and in the office of Samruk-Energy JSC. The Company has a mailbox for complaints, applications and suggestions as well.

Regarding the clarification of requirements of the Code and/or any ethical issues, as well as violations of Code requirements, corruption and other illegal actions, the officials and employees of the Company, business partners and interested parties have a right to appeal to:

- the direct supervisor;
- the Ombudsman;
- the Internal Audit Service;
- the Corporate Secretary Service (violations of principles of business ethics are examined by the Board of Directors).

By decision of the Board of Directors, Samruk-Energy JSC appointed an Ombudsman whose basic functions include collecting information on non-observation and/or violations of Code provisions, statutory provisions of the Republic of Kazakhstan and other bylaws of the Company, arranging consultations with Company employees and Company officials regarding Code provisions, and initiating resolution of disputes regarding violations of Code provisions and direct participation.

Examples of the Code for Business Conduct and the Code for Corporate Management's provision observance include discussion of a remuneration amount for the executive body within the Board of Directors where the Chairman of the Board is absent when the amount of his/her remuneration and other additional bonuses are determined.

Responsibility for monitoring the observance of provisions of the Code for Corporate Management by employees is assigned to the Corporate Management Department. At the end of 2014, the Corporate Management Department and the corporate secretary's Secretariat prepared a Report on the observation of corporate management principles, which was later posted on the Company website. In particular, to eliminate conflicts of interest, the Company established a list of affiliates of the Fund's Group of Companies, which is brought to the members of the Board of Directors and the Board of the Company and published on the internal intranet portal of the Company.

In 2014, no cases of conflicts of interest were registered in the Samruk-Energy Group of Companies.

Helpline:	**+7 (7172) 55-30-95**
Email:	trust@samruk-energy.kz

8. RISK MANAGEMENT AND QUALITY CONTROL

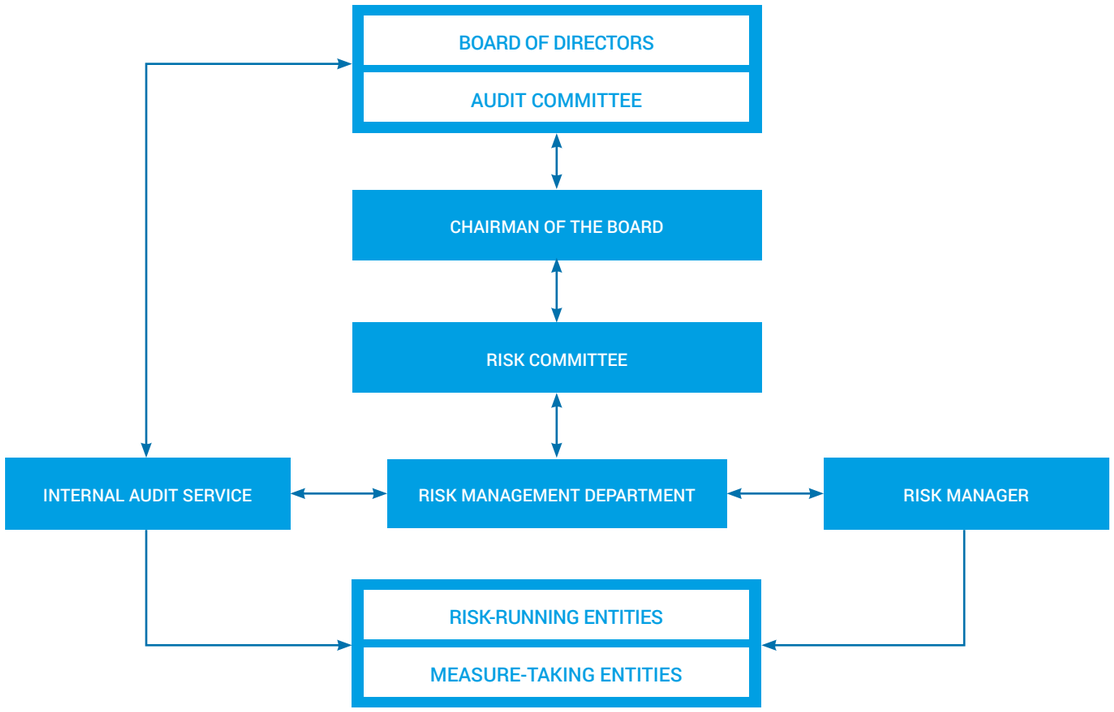
KEY RISK FACTORS AND RISK MANAGEMENT SYSTEM

The company is aware that the risk management process is a key component of the corporate governance system aimed at modern identification and management of potential risks, which can have a negative impact on the Company's potential stability and reputation.

Risks are managed within the context of certain targets and tasks to be achieved by the Company group, which arise from the approved strategies and development plans. The Board of Directors plays a key role in supervising the operations of the risk management system at the Company.

The Group of Companies regularly informs all the parties involved in the risk management process about existing risks, and measures taken to minimize them in the form of reports of the head of the structural subdivision in charge of risk management, describing and analyzing the key risks.

STRUCTURE OF THE RISK MANAGEMENT SYSTEM OF SAMRUK-ENERGY JSC GROUP



Shareholder regarding risk management, the Company group revised and updated regulatory documents pertaining to risk management.

In order to analyze and evaluate operations of the Corporate Risk Management System (hereinafter, the CRMS), internal auditors conducted an independent evaluation of the CRMS. The final score of the CRMS evaluation reached 76.86%. Besides the CRMS independent evaluation, an independent evaluation of the Company's Internal Control System (hereinafter the ICS) was conducted. The final score of the ICS evaluation reached 73.64%. According to the results of the independent evaluations, the Company approved plans for 2015 to further improve the CRMS and ICS.

According to the Risk Management Policy, the Company emphasizes the following risks:

which are shown on the risk card, regarding each risk importance:

Red zone –
risks are critical
for the Company.

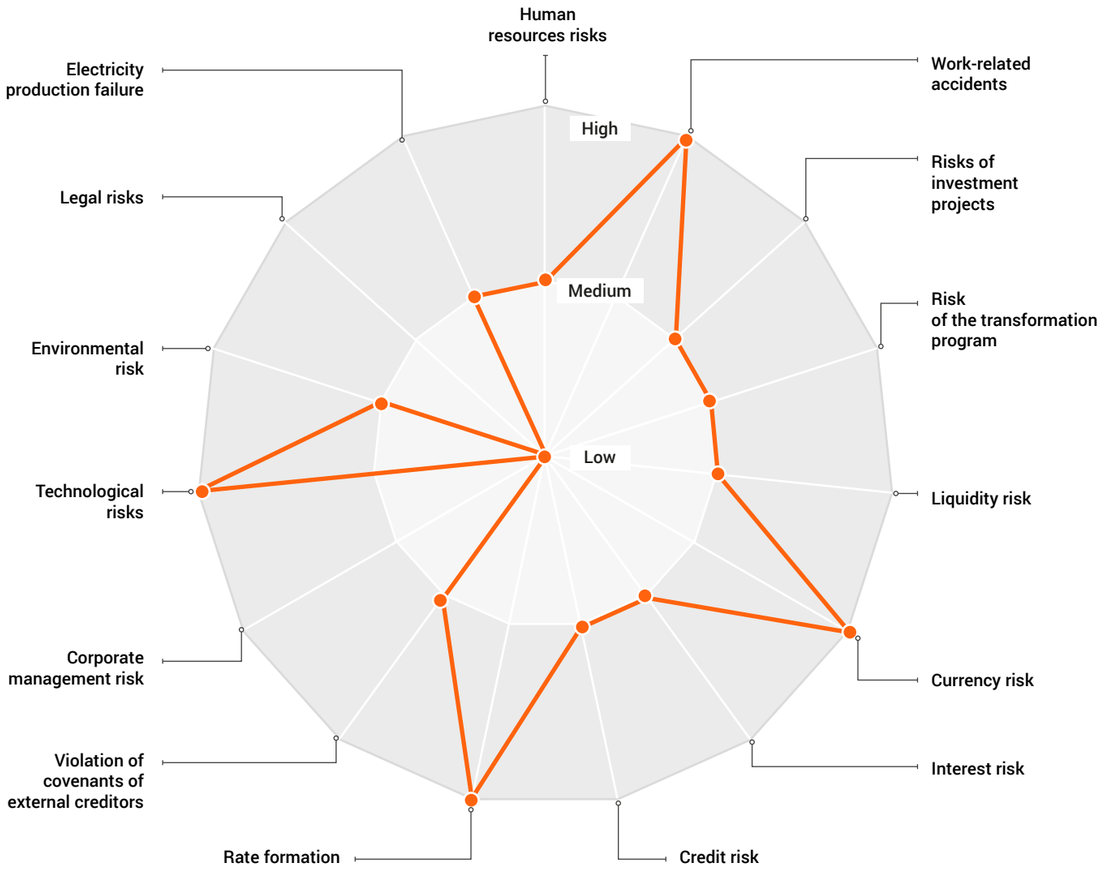
Orange zone –
risks are very likely to occur or have
a considerable potential impact
on the Company's financial stability.

KEY RISKS IMPACTING IMPLEMENTATION OF BUSINESS STRATEGIES:

Risk	Risk description	Key risk management measures
	STRATEGIC RISKS (risks associated with Company strategy)	
Reputation risk	Negative publications in the media. Disclosure of confidential information. Violation of the Code of Business Ethics.	Preparation of thematic articles in the media. Prevention of unauthorized distribution of confidential information.
Workplace accidents damaging the health and life of personnel	Causes according to the classifier approved by Order No. 74-p of the Republic of Kazakhstan Minister of Labor and Social Security of the Population dated March 03, 2009 "On approval of forms of documents pertaining to workplace accidents".	Measures aimed at reducing industrial injuries; execution control.
Risks of investment projects	Delayed financing and/or increased cost of financing. Violation of agreements terms and conditions by contractors and suppliers. Project cost increase.	Development and monitoring of the network schedule of project implementation. Cooperation with the RK government authorities to obtain an individual rate for power and electricity for subsidiaries and affiliates.

Risk	Risk description	Key risk management measures
Terrorism risk	Intention of personnel and third parties. Lack of interaction with authorized government authorities regarding antiterrorist strategy.	Participation in the Coordination council for ensuring security at strategic assets and terrorism counteraction at Samruk-Kazyna JSC. Execution of the Plan for antiterrorism protection measures.
	FINANCIAL RISKS (risks associated with financial activities)	
Currency risk	Deterioration of macroeconomic indicators. Regulatory activities of the National Bank.	Introduction of limits on the currency position and VaR. Timely refinancing of loans in foreign currencies. Monitoring of concluded contracts concerning the currency used in transactions in order to minimize the conclusion of agreements in foreign currencies.
Rate formation	Risk of refusal to increase rates of the Natural Monopoly Regulation and Competition Protection Committee of the Ministry of National Economy. Threat of introduction of a compensating rate of the NMRCPC of the MNE due to failure to comply with the rate cost estimate and the investment program of the entity.	Justification of the necessary rate to the NMRCPC of the MNE. Monitoring of the rate policy compliance; timely correction at the NMRCPC of the MNE of the rate cost estimate and investment programs.
Non-quality analysis of development plans of subsidiaries and affiliates, corrections of development plans and their execution by divisions.	Violation of procedures for planning price parameters; planning knowingly unachievable indicators.	Monitoring development plans and timely correction. Reduction of the cost for implementing investment projects.
Violation of covenants of external creditors and listing requirements.	Non-compliance with listing requirements and growth of borrowings.	Compliance with established covenants and listing requirements. Forming a report on the Company's debt and financial stability.
	OPERATING RISKS	
Increase in technological failures	Operation of obsolete and worn-out equipment. Human factor.	Execution of the repairs plan for maintaining equipment workability.
Risk of failing to execute the electricity generation plan.	Declining demand as a result of a financial and economic crisis. Loss of consumers due to market competition. Technological failures.	Execution of a repairs schedule to maintain equipment workability and increase available capacity. Modernization and reconstruction of operating equipment and commissioning of new facilities. Creation of the Samruk-Energy JSC Trade House. Sales volume planning. Improvement in the efficiency of the sales policy. Negotiations with existing consumers and search for new consumers.

PROBABILITY OF RISK REALIZATION



- Due to tenge depreciation in February 2014 by 18.6%, the currency risk switched to the critical zone on the Company's risk chart. Furthermore, ruble depreciation in the Russian Federation had a negative effect on sales processes of electricity and the extraction of steam coal. The following measures were taken by the Group of Companies to minimize the mentioned risks:
- The Company's Currency Risk Management Rules describing methods of calculating limits to an open currency position and the VaR limit were updated.
- Concluded contracts were monitored to sign agreements, in the national currency if possible.
- The planning process for electricity sales volumes and steam coal extraction was improved, taking into account internal and external factors having an impact on these processes.
- The sales policy was revised, negotiations are held with current and potential consumers so as to maintain and expand markets. Planned and preventive repairs of the annual working program implementation were monitored. Timely correction of the Company's development plan regarding capital investments was performed.

QUALITY MANAGEMENT

The Company implemented a Corporate management system (hereinafter referred to as CMS) conforming to international standard ISO 9001:2008.

Within the frameworks of CMS implementation, Company bylaws were unified and planned CMS internal audits are performed. In addition, the following regulatory documents were developed and approved:

- Company's CMS policy;
- CMS authorities;
- CMS mandatory procedures;
- Maps of all existing internal processes of structural subdivisions.

In 2011, the CMS of the Company was successfully certified for conformity to international standard ISO 9001:2008 by the certification center TUV Rheinhland with application in corporate management of energy assets.

The CMS distinctly distributes functions for each business direction of the activity, which enhances operational control and ensures the centralization of key decisions in the Group of Companies at the corporate center level.

In 2014, in order to develop and improve the CMS, the following measures were implemented:

- CMS trainings were held for the Company's personnel;
- updates on the bylaws;
- the Landscape Map of Company processes and the responsibility matrix were developed;
- questioning and analysis of the content of internal consumers;
- internal audit of internal processes in order to determine CMS compliance with the requirements of international standard ISO 9001. Corrective measures were taken based on the audit results to eliminate drawbacks and inconsistencies.

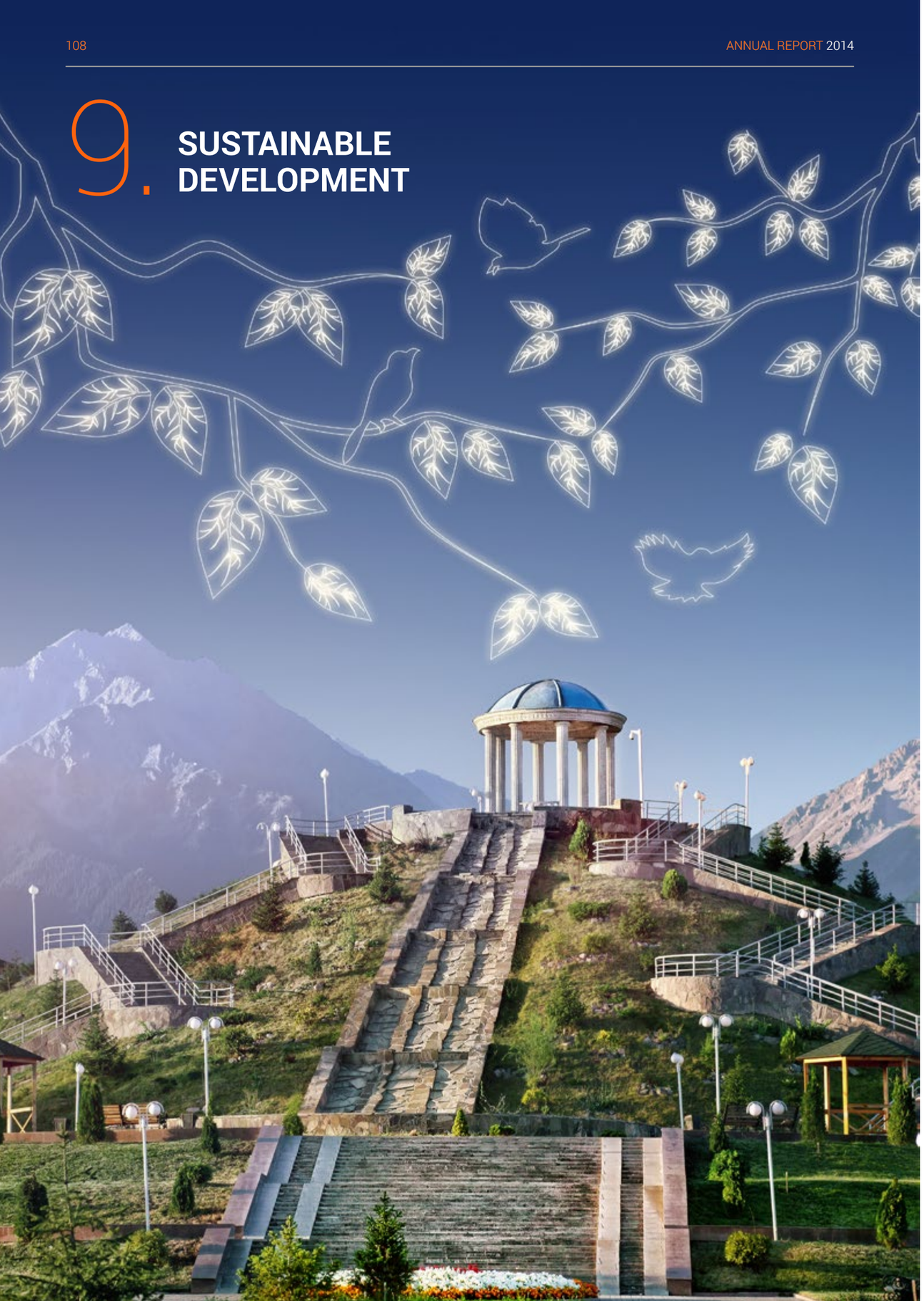
Performed work resulted in a successful second audit of CMS compliance with the requirements of international standard ISO 9001:2008 on December 5, 2014.

On December 10, 2014 the CMS was successfully certified for compliance with the requirements of international standard ISO 9001:2008 through TUV Rheinhland certification, with corporate management and energy assets application.

CMS introduction built a clear interaction system of structural subdivisions based on formalized processes and procedures. This finally had an impact on the quality improvement of internal processes and provided services.

Improving management systems on the basis of international standards is an important factor for dynamic development and strengthening the positions on the country's energy market.

9. SUSTAINABLE DEVELOPMENT



ENVIRONMENTAL FACTORS

Environmental protection

As one of the biggest energy companies in Kazakhstan, Samruk-Energy JSC recognizes its important role in sustainable development processes for the community. Environmental protection and reasonable use of resources play a significant role in the activities of the Company and its subsidiaries and affiliates. Priority directions for developing and achieving goals in the sphere of environmental protection are reflected in the Company's long-term Development Strategy and Environmental Policy.

The Company plans to gradually reduce the environmental impact of production activity by using new technologies and renewable energy sources.

Brief information on the management approach to each environmental aspect is provided below.

Aspect: Materials

G4-EN1 USED MATERIALS BY WEIGHT OR QUANTITY

Through an operation process, the Samruk-Energy Group of Companies acquires natural resources that are used for further conversion into electrical or heat energy. Apart from natural resources, the Samruk-Energy Group of Companies also uses less considerable quantities of chemical products, lubricants and liquid coolants.

In particular, certain subsidiaries and affiliates of the Samruk-Energy Group of Companies continue to use equipment that contains polychlorinated biphenyls (hereinafter, PCB). PCBs are used as dielectric liquids in transformers, condensers and other electrical equipment, which threatenen human health. In order to prevent PCB intoxication risk, the Republic of Kazakhstan signed the Stockholm Persistent Organic Pollutant (hereinafter, POP) Convention. Under this document, the Republic of Kazakhstan as a signatory of the Convention will implement the following measures:

- banning exports, imports and production of POP-containing substances in the Republic of Kazakhstan;
- stopping to use equipments containing POP (i.e. transformers, condensers or other recipients containing liquid residues of substances) by 2025;
- taking measures to reduce unintentional emissions of POP;
- making efforts to develop appropriate strategies aimed at identifying areas contaminated with POP;
- informing society of the effects of POP hazards on human health and the environment.

In order to minimize the effect of used materials on the environment, the Samruk-Energy Group of Companies plans to use more renewable energy sources in the future, in particular, solar and wind energy, which will make it possible to reduce harmful emissions to the atmosphere.

The above measures under the Convention will contribute to improving the environmental situation, which will generally have a positive impact on the Republic of Kazakhstan citizens' health conditions.

EN1 USE OF MATERIALS SPECIFYING WEIGHT OR VOLUME

	UoM	Volume in 2014
Raw materials (i.e. natural resources used for conversion into products or services)		
Coal	tons	14,898,261.0
Wood	tons	302.72
Oil residue	tons	126,876
Gas	thous. m³	723,147
Water	thous. m³	16,236,558,834
Materials related to production process	**tons**	**-**

Aspect: Energy

G4-EN3 ENERGY CONSUMPTION WITHIN THE ORGANIZATION

EN3 DIRECT USE OF ENERGY-SPECIFYING PRIMARY SOURCES

	UoM	2014
Coal	GJ	197,071,651
Natural gas	GJ	22,601,557.6
Oil residue	GJ	32,785,949.3
Gasoline	GJ	3,064.9
Diesel fuel	GJ	5,958.7
Liquefied gas	GJ	0

EN5 ENERGY SAVED AS A RESULT OF MEASURE TO REDUCE ENERGY CONSUMPTION AND ENHANCE ENERGY EFFICIENCY

	UoM	Quantity
Total saved energy at Samruk-Energy JSC in 2014 as a result of:		
Modernization of production process	GJ	1,691,196
Reconfiguration or change of equipment	GJ	73,734
Change in personnel's behavior	GJ	30

Total reduction of energy consumption: 1.7 GJ.

Aspect: Water

G4-EN8 TOTAL VOLUME OF DRAWN WATER BY SOURCES

Water in the Samruk-Energy Group of Companies is first of all used for cooling electric equipment, circulating systems and auxiliary technological processes of reverse water supply at hydroelectric plants, thermal stations and public regional electric stations. A small part of drawn water evaporates during the technological process. After use in production processes and mechanical, physical-and-chemical and biological treatment, most of the water returns to the natural environment.

Local authorized bodies for water resources and environment regulate water intake; in particular special attention is paid to the water level in the ecosystems of regions where subsidiaries and affiliates are located. Reducing water loss volumes used in the technological process is a prior strategy in the medium term.

EN8 EN10 TOTAL VOLUME OF DRAWN WATER BY SOURCES. PART AND TOTAL VOLUME OF REUSABLE WATER

The total quantity of drawn water, including water from surface water bodies, underground sources, municipal and other water supply systems and waste water of other organizations, amounted to 16,236 billion m³ in 2014.

The total volume of water used on multiple occasions in 2014 amounted to 0.3 billion m³ (share of the total volume of used water: 0.002%).

Aspect: Biodiversity

G4-EN11 BIODIVERSITY

The Samruk-Energy Group of Companies strives to minimize impact of its activity on flora and fauna. Special attention is paid to regions where energy assets of the Samruk-Energy Group of Companies are located in the national parks or reserves.

At the moment, the Samruk-Energy Group of Companies has no developed regulating documents in the field of biodiversity management. Irrespective to the absence of any documents on biodiversity management, the Samruk-Energy Group of Companies is aware of the importance of introducing energy-saving production processes and implementing new technologies that contribute to the safety of animal and plant life. Taking into account the increasing importance of sustainable development in the world and Kazakhstan, the Samruk-Energy Group of Companies plans to improve control and management of biodiversity in the regions where they operate.

In the Ile-Alatau Natural Park, 31.42 ha of lands are leased under industrial facilities of the series of HPP of APP JSC: this industrial site falls into the category “Owned, leased, or managed by the organization and located on protected natural territories and territories of higher value biodiversity outside their boundaries and adjacent to such territories”.

G4-EN12 DESCRIPTION OF CONSIDERABLE EFFECTS OF ACTIVITIES, PRODUCTS AND SERVICES ON THE BIODIVERSITY OF PROTECTED NATURAL TERRITORIES AND TERRITORIES WITH A HIGH VALUE OF BIODIVERSITY, WHICH ARE SITUATED OUTSIDE PROTECTED NATURAL TERRITORIES

The industrial assets of Samruk-Energy JSC have no impact on the biodiversity of protected natural territories and territories with a high value of biodiversity, which are situated outside the protected natural territories.

G4-EN14 THE TOTAL NUMBER OF SPECIES INCLUDED IN THE RED LIST OF THE IUCN AND THE NATIONAL LIST OF PROTECTED SPECIES, WHOSE HABITATS ARE IN THE TERRITORY AFFECTED BY THE ORGANIZATION’S ACTIVITIES, BROKEN DOWN ACCORDING TO THE DEGREE OF THREAT TO SPECIES SURVIVAL

There are no species included in the red list of the IUCN and the national list of protected species in the territory of Samruk-Energy JSC.

Aspect: Emissions

G4-EN15 DIRECT GREENHOUSE EMISSIONS (SCOPE 1)

In the Republic of Kazakhstan, carbon dioxide (CO_2) is currently a regulated greenhouse gas emitted into the atmosphere as a result of activities of the Samruk-Energy Group of Companies; it is generated by heat and electricity production and coal extraction. There is no doubt that the growth of the production level of the Samruk-Energy Group of Companies implies an increase in the greenhouse gas emissions.

There are no CO_2 emissions resulting from biomass burning or decomposition.

According to the National Plan for distribution of quotas of greenhouse gas emissions for 2014-2015, 2011-2012 were chosen as basic years. In the basic year, emissions totaled 33,470 thousand tons or 34,461.7 thousand tons, respectively; no reduction in the greenhouse gas emissions is planned for 2014.

In addition, no records of greenhouse intensity are kept due to a lack of requirements in environmental legislation.

G4-EN21 EMISSIONS OF NITROGEN OXIDE (NO_x), SULFUR OXIDE (SO_x), AND OTHER SIGNIFICANT POLLUTANTS

	UoM	Value
NO_x	tons	63,127.2
SO_x	tons	143,993.7
Persistent organic pollutants (POP)	tons	0.00000004
Volatile organic compounds (VOC)	tons	120.4262
Hazardous air pollutants	tons	47,811.989
Emissions from point and fugitive sources	tons	97,891.261
Particulate materials	tons	39,766.595
Other standard categories of emissions into the atmosphere used in regulatory acts	tons	128,151.765

Aspect: Waste and Disposal

G4-EN23 TOTAL WEIGHT OF EMISSIONS BROKEN INTO TYPES AND METHODS OF TREATMENT

The most typical manufacturing wastes of the Samruk-Energy Group of Companies are ash, coal combustion slag, insulating oils, utilized mercury-vapor lamps and electric batteries. Currently, the Samruk-Energy Group of Companies does not have a common approach to waste management.

In the waste management process, the subsidiaries and affiliates of Samruk-Energy JSC follow the Republic of Kazakhstan Environmental Code and Waste Handling Regulations (WHR). Certificates have been developed for hazardous waste. Depending on the type, generated waste is classified under production:

- used transformer oil, oiled rags, metal scrap, poly-chlorinated biphenyl-containing removed condensers (PCD), mercury-containing lamps, production and building waste, etc.;
- under utility: solid household waste generated in vital processes.

According to the hazard level, all waste (production and utility) is classified into:

- green – index G (non-hazardous);
- amber – index A (hazardous);
- red – index R (hazardous).

Mercury-containing waste (used luminescent lamps) is the most toxic and hazardous and refers to the red hazardous level to be delivered to a specialized enterprise for demercuration; other waste refers to amber and green levels.

Main industrial waste includes transformer oil and metal scrap generated in the process of equipment operation, repair and modernization.

Industrial waste is stocked and recycled by type according to agreements signed with specialized organizations. Agreements for stocking utility waste are signed by the Company's subdivisions with specialized solid waste landfills. In general, the company's waste refers to the 4 and 5 hazardous classes and is stocked in the municipal landfill.

G4-EN24 TOTAL NUMBER AND VOLUME OF IMPORTANT SPILLS

No spills were recorded in the group of companies.

G4-EN25 WEIGHT OF TRANSPORTED, IMPORTED, EXPORTED OR USED WASTE DEFINED TO BE HAZARDOUS ACCORDING TO ANNEXES I, II, III, AND VIII TO THE BASEL CONVENTION AND PERCENTAGE OF INTERNATIONAL WASTE TRANSPORTATION

Jointly with the Project of the Republic of Kazakhstan Ministry of Energy and the United Nations Development Program "Preparation and execution of a comprehensive plan for managing polychlorinated biphenyls in Kazakhstan", for the purpose of pilot evacuation of condensers, in December 2014, 350 PCB-containing condensers were evacuated from the territory of Alatau Zharyk Company JSC to be further recycled in France and financed by the UN/GEF.

G4-EN26 APPURTENANCE, EXTENT, PROTECTION AND VALUE STATUS FROM THE PERSPECTIVE OF BIODIVERSITY OF WATER BODIES AND RELATED HABITATS SIGNIFICANTLY IMPACTED BY THE ORGANIZATION'S DISCHARGES AND LAND RUNOFF FROM ITS TERRITORY

Environmental security and reasonable use of natural resources, including water resources, are of greatest importance in the operations of the Samruk-Energy Group of Companies.

Reduced water intake and discharge needed for the normal operation of a power plant is a priority measure aimed at gradually reducing discharge into the Republic of Kazakhstan ecosystem.

Before being discharged into the Republic of Kazakhstan water sources, discharges from generating plants are analyzed to find out whether they surpass the maximum allowable quantities of pollutants in waste water. According to the results of conducted analyses, all emissions by the Samruk-Energy Group of Companies are conformant to the requirements of the Republic of Kazakhstan Environmental Legislation.

Aspect: Transport

G4-EN30 SIGNIFICANT ENVIRONMENTAL IMPACT OF PRODUCTS AND OTHER GOODS AND MATERIALS THAT ARE USED IN THE ORGANIZATION'S OPERATIONS AND WORKFORCE TRANSPORTATION

The main products and services of the Samruk-Energy Group of Companies include electricity and heat generation, electricity distribution and transportation, coal extraction, and reconstruction and modernization of power assets. The key objective is to maintain the achieved level of provided services and products and further improve quality and parameters by applying western standards of products and services in the field of electricity and coal mining.

As a result, the Samruk-Energy Group of Companies complies with all the requirements for quality and parameters of products and services offered in the Republic of Kazakhstan.

The priority of the Samruk-Energy Group of Companies is to minimize greenhouse gas emissions generated by subsidiaries and affiliates. Greenhouse gas emissions generated by the use of vehicles to transport staff and fuel are insignificant as compared to the emissions generated by electric or heat energy. When transporting the electric energy, there are no processes resulting in emission of pollutants and discharge into water bodies.

General Information

G4-EN31 TOTAL ENVIRONMENT-RELATED EXPENSES AND INVESTMENTS BY TYPE

In 2014, total environment-related expenses and investments of the Samruk-Energy Group of Companies amounted to approximately 8.8 billion tenges.

The Samruk-Energy Group of Companies strives to improve energy efficiency. Priority measures in this process include the improvement and modernization of obsolete electrical equipment, improved efficiency of production, transportation and electricity and heat distribution and promotion of better consumption of electricity and heat among the population.

For these purposes and for minimizing the environmental impact, the Samruk-Energy Group of Companies carried out the following work operations in 2012 2014:

- the company completed the installation of electrical filters at all the 6 operating power units of SDPP-2, resulting in considerable reduction of coal ash emissions; the efficiency of gas treatment grew to 99.6% and higher; after new electrical filters were installed, the dust indicator reached 400 mg/m3 instead of 2,620 mg/m3;
- it completed the installation of new generation emulsifiers at boiler units of APP JSC TPP-2, three with an ash-catching degree of at least 99.4%; environmental effect: reduced emissions of non-organic dust per 1,000 t/h at TPP-3 and 2,135 t/h at TPP-2;
- it completed the modernization of burner units at boiler units of APP JSC TPP-1, 3; environmental effect: lower concentration of nitrogen oxides to 500 mg/m3 whereas the standard under the technical regulations is 650 mg/m3; nitrogen oxide restoration methods were used.

In particular, the following work operations were performed in 2014:

- modernization of burner units at boiler units of the departments of APP JSC TPP-1, three to make the level of nitrogen oxide emissions comply with the requirements of the Technical Regulations;
- installation of electrical filters at power unit No. 2 of Ekibastuz SDPP-1;
- installation of low-emission burners at power unit No. 2 of Ekibastuz SDPP-1;
- acquisition of a household sewage treatment system;
- performance of works aimed at maintaining the degree of emissions set by the technical regulations;
- restoration and repair of existing equipment (boiler units, new generation emulsifiers, fan cooling towers, ash units, GMS channels);
- restoration and repair works at the current ash dump;
- reconstruction of a makeup demineralizer;
- repair and replacement of ash conduits, repair of pump equipment at the boiler, turbine, chemical departments, treatment facilities;
- restoration and repair of the hydraulic ash removal system, industrial systems, clarified water reserve container;
- at gas turbine power plants (GTPP): introduction of a steam gas cycle by increasing electricity generation per unit of gas volume by 35% and a 55% KPI increase;
- construction of renewable energy sources, in particular wind and solar power plants.

SOCIAL FACTORS

Personnel management

Corporate social responsibility extends beyond the Company and encompasses a large number of interested parties: government authorities, local society, business partners, suppliers and clients. Company investments are characterized primarily by a socially responsible nature; objectives to develop clean technologies, RES, protect the environment and improve resource and energy efficiency are set; the Company tries first and foremost to develop areas densely inhabited by its workers and has adopted a policy of preventing corruption and discrimination in the labor field.

The corporate social responsibility strategy is implemented by the Company within the company: socially responsible measures are pertinent to workers and issues associated with the investment in human capital, health, safety, personnel labor motivation, development of housing programs, sports events, life and health insurance and assistance in the creation of trade unions, personnel training.

Social responsibility measures are primarily aimed at improving the well-being of workers employed by Group of Companies and are implemented by taking into account the structure of human resources.

Personnel structure

As of December 31, 2014, the headcount of the Company's Group totaled 23,569 people.

Taking into account the specifics of its operations, men are dominant at the Company. The man-to-woman ratio is as follows: women account for 27.4% (6,447) and men account for 72.6% (17,122).

The majority of the employees of Samruk-Energy Group of Companies work in the industrial sector on a full-time basis under permanent contracts. A high level of personnel working on a full-time basis at production enterprises shows that there is an effective use of the workforce.

The average employee age at the Samruk-Energy JSC Group of Companies at the end of 2014 was 41 years.

The age structure of personnel has been formed so that most workers, namely 45% of the total personnel, are aged from 30 to 50, which ensures an optimal combination of physical resources and professional experience.

Senior managers account for 0.4% of the total headcount of the Company group and women account for 15.2% in the senior management staff.

The senior management staff are aged 30 (2.2%), 30–50 (56.5%), over 50 (41.3%).

The average work experience in the energy sector across the Company is 11.1 years.

The educational background of the personnel meets the Company's demands. The share of personnel with higher education tends to grow steadily and is 32 % of the total headcount.

In 2014, the Group of Companies employed 2,988 people.

In order to ensure personnel quality, the Group of Companies implements procedures for a competitive recruitment of applicants for vacancies, ensuring equal terms for all the candidates participating in this recruitment.

Competitive procedures make personnel comply with approved qualification requirements, ensure the objectivity and transparency of personnel recruitment for vacancies.

In 2014, the Group of Companies held 148 competitive procedures to fill administrative vacancies.

Modern and efficient appointment of new employees to certain positions is achieved within the new personnel adaptation and tutorship system.

In addition, in order to improve corporate governance efficiency, the Company approves and appoints candidates for management and administration positions of the Company's subsidiaries.

At the end of 2014, the personnel turnover indicator (for all reasons whatsoever) reached 12.4%, a 1.2% decrease on an annual basis (13.6% in 2013).

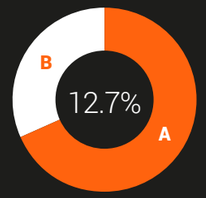
G10 TOTAL LABOR FORCE BY TYPE OF EMPLOYMENT, EMPLOYMENT CONTRACT AND REGION

LA12 THE COMPOSITION OF GOVERNING BODIES AND PERSONNEL OF THE ORGANIZATION BROKEN DOWN BY SEX AND AGE GROUP, SPECIFYING REPRESENTATION OF MINORITIES, AND OTHER DIVERSITY INDICATORS

LA1 TOTAL EMPLOYEES AND PERCENTAGE OF NEWLY EMPLOYED PERSONNEL AND TURNOVER BY AGE GROUP, SEX AND REGION

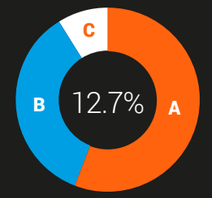
NEWLY EMPLOYED PERSONNEL IN 2014 (12.7% of the total headcount)

NEWLY EMPLOYED PERSONNEL BY GENDER



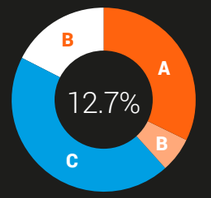
A Men 8.7%
B Women 4.0%

NEWLY EMPLOYED PERSONNEL BY AGE



A under 30 ..... 7.1%
B aged 30 to 50 ..... 4.5%
C over 50 ..... 1.1%

NEWLY EMPLOYED PERSONNEL BY REGION

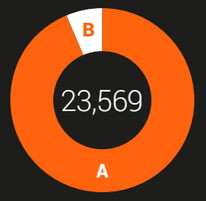


A South 4.1%
B West 0.8%
C North 5.6%
B East 2.2%

SAMRUK ENERGY

PERSONNEL DIFFERENTIATION BY DIFFERENT CRITERIA IN 2014

TOTAL LABOR FORCE BY TYPE OF EMPLOYMENT CONTRACT



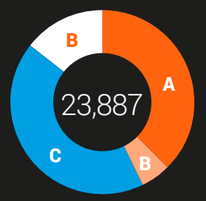
A Unlimited/ permanent contract 22,123
B Temporary contract/ contract for a specified period 1 446

TOTAL LABOR FORCE BY TYPE OF EMPLOYMENT

A Employees 23,569
B Controlled employees 318

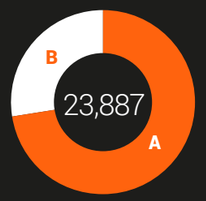
PERSONNEL TURNOVER INDICATOR IN 2014 (total indicator 12.65%)

TOTAL LABOR FORCE BY REGION



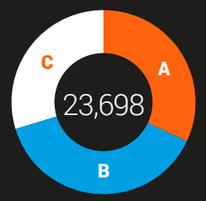
A South 8,963
B West 1,312
C North 10, 226
B East 3,386

TOTAL LABOR FORCE BY GENDER



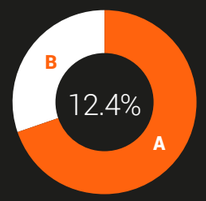
A Men 17,328
B Women 6,559

TOTAL LABOR FORCE BY FIELD OF ACTIVITY (excluding Samruk-Energy JSC CC)



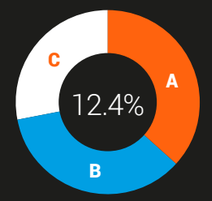
A Generation 7,611
B HPP and RES, Distribution and sales..9,087
C Fuel and services 7,000

PERSONNEL TURNOVER BY GENDER



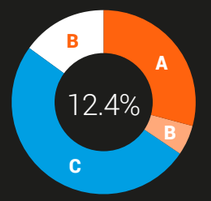
A Men 8.7%
B Women 3.7%

PERSONNEL TURNOVER BY AGE



A under 30..... 4.5%
B aged 30 to 50 ..... 4.4%
C over 50 ..... 3.5%

PERSONNEL TURNOVER BY REGION



A South 3.6%
B West 0.6%
C North 6.4%
B East 1.8%

LA12 COMPANY PERSONNEL BY GENDER, AGE GROUP, SPECIFYING MINORITY GROUPS

No.	Indicator	Figure, people	Share
1.	**GENDER**	**23,569**	**-**
1.1.	Men	17,122	73 %
1.2.	Women	6,447	27 %
2.	**MINORITY GROUPS**	**23,569**	**-**
2.1.	Kazakhs	12,495	53 %
2.2.	Russians	8,075	34 %
2.3.	Ukrainians	974	4 %
2.4.	Uigurs	370	2 %
2.5.	Tatars	443	2 %
2.6.	Germans	384	2 %
2.7.	Byelorussians	179	1 %
2.8.	Koreans	95	0 %
2.9.	Others	554	2 %
3.	**AGE GROUPS**	**23,569**	**-**
3.1.	Under 30 years	5,718	24 %
3.2.	Between 30 and 50 years	10,622	45 %
3.3.	Over 50 years	7,229	31 %

LA12 COMPANY MANAGEMENT STAFF BY GENDER, AGE GROUP, SPECIFYING MINORITY GROUPS

No.	Indicator	Share
1.	**GENDER**	**-**
1.1.	Men	85 %
1.2.	Women	15 %
2.	**MINORITY GROUPS**	**-**
2.1.	Kazakhs	68 %
2.2.	Russians	22 %
2.3.	Ukrainians	3 %
2.4.	Uigurs	0 %
2.5.	Tatars	2 %
2.6.	Germans	0 %
2.7.	Byelorussians	1 %
2.8.	Koreans	2 %
2.9.	Others	1 %
3.	**AGE GROUPS**	**-**
3.1.	Under 30 years	2 %
3.2.	Between 30 and 50 years	57 %
3.3.	Over 50 years	41 %

Personnel training

Sustainable and dynamic development of the Company's Group depends on the qualification and professionalism of its personnel. Training, professional growth and improvement of the personnel's qualifications are the most important aspects of the Company's personnel management policy.

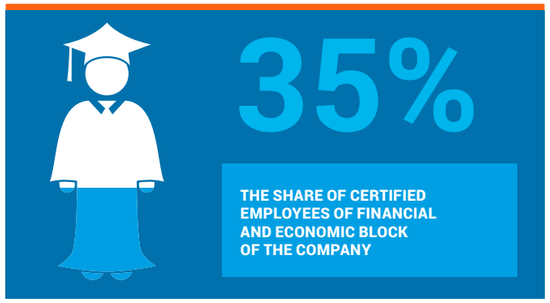
The Company's Development Strategy for 2012–2022 implies large projects for the modernization, optimization and restructuration of existing facilities and the creation of new sites for electricity generation, and the development of the potential for renewable energy sources.

Highly qualified and well-trained workers are required to achieve the established objectives and implement the planned projects. However, the labor market does not presently meet the production requirements. Lack of qualified personnel is defined as the Company's key operating risk affecting increase in asset value and production efficiency.

The Company takes measures to improve the level of competence, qualification, and professionalism of employees, develop a creative and initiative approach to solutions of business problems, and create conditions for developing each employee's potential.

The Company has a corporate system of development and training of personnel encompassing all business areas and personnel categories. The system is based on specialized training programs specific for the energy sector, by using illustrative manuals, layouts or simulators.

The training, re-training and higher qualification systems of the Company's personnel include two main training areas: training of personnel at external educational institutions and in-house personnel training involving training events held in own training centers or by engaging its own or external teachers, as well as on-the-job training.



In-house training implies accumulation, systemization, preservation and transfer of knowledge within the Group of Companies in order to improve industrial processes and introduce new technologies; it is arranged in within the territory of the organization or at in-house corporate training centers:

- Almaty Power Grids JSC has a training center coordinating personnel trainings, performs training and re-training, holds higher qualification courses for energy professions, and also for employees operating hazardous industrial facilities, and organizes corporate seminars;
- Almaty Zharyk Company JSC has six training sites for courses of higher professional skills, promotion and popularization of advanced methods and repair and operating techniques, for advanced technologies, new devices and equipment used to maintain equipment in substations, and the distribution of electrical networks;
- Bogatyr Komir LLP has a training complex meeting modern requirements for training personnel on occupational safety and examining their knowledge. The training complex has rooms equipped with mining transportation equipment and machines, railway transport, load lifting machines, bench works and electrical installation, occupational safety.

Certification of personnel from the financial and economic unit is a priority area in improving personnel qualification within the Group of Companies for the purpose of implementing initiatives of Samruk-Kazyna JSC aimed at increasing the qualification level of personnel from the financial and economic unit.

In 2014, the share of certified personnel of the FEU of the Group of Companies reached 35 % and met the requirements of the Fund for organizing 30% of certified personnel by the end of 2014.

In order to improve the personnel's command of English, the Company launched language courses in group and individual formats. For instance, 26 workers of the Company are currently improving their proficiency of English. Courses for learning the official state language are successfully held at the Company's subsidiaries.

In addition, the Company pays special attention to the development of its management and administrative staff, making plans for staff to participate in technical on-the-job trainings, seminars, training courses, conferences and forums, taking into account the requirements and strategic development outlook of the Company.

The following was organized this year: a technical on-the-job training course in Australia (Melbourne) to study advanced practices in order to improve known methods and technologies for the development of coal mines; a seminar on transformation of companies in the energy sector in Great Britain (London); a training course under the program of the Japanese Ministry of Economy, Commerce and Industry aimed at maintaining the development of foreign infrastructure projects. Under these programs, trainees visit the world's leading companies.

As part of these events, in 2014 the Samruk-Energy JSC Group of Companies held training courses for over 14,400 workers; investments in the training and development of personnel at the Group of Companies accounted for 1.1% of the 2014 labor remuneration fund.

In order to efficiently achieve Company objectives, the Samruk-Energy Group of Companies introduced a system of personnel performance evaluation. In 2014, the performance of 3% of personnel of the Samruk-Energy Group of Companies was officially evaluated.

LA9 AVERAGE HOURS OF TRAINING PER EMPLOYEE PER ANNUM, BY CATEGORY OF EMPLOYEES

Personnel category	Total number as of the end of 2014	Number of training hours for 2014	Average training hours per employee per annum
Top management	87	1,534	17.63
Office and management personnel	1,735	22,980	13.24
Production personnel	21,117	931,550	44.11
Maintenance personnel	630	2,202	3.50
Personnel category	**Total number as of the end of 2013**	**Number of training hours for 2013**	**Average training hours per employee per annum**
Top management	84	1,606	19.12
Office and management personnel	1,698	41,930	24.69
Production personnel	21,003	956,306	45.53
Maintenance personnel	728	4,374	6.01

LA11 SHARE OF PERSONNEL FOR WHOM REGULAR PERFORMANCE AND CAREER DEVELOPMENT EVALUATIONS ARE HELD

No.	Indicator	Value, persons
1.	**Total number of personnel (headcount) at the end of 2014**	**23,569**
2.	Number of personnel whose performance was officially evaluated, including	784
2.1.	Men	299
2.2.	Women	485
3.	**Share of personnel whose performance was officially evaluated**	**3 %**
3.1.	Men	38 %
3.2.	Women	62 %

Personnel reserve formation

Taking into account the Company's need to respond in a timely manner to changes in the internal and external competitive environment, one of the priority tasks of the Company's management is to build continuity.

Therefore, the Samruk-Energy Group organizes personnel reserve to fill the key vacancies of Samruk-Energy JSC, its subsidiaries and affiliates.

In order to accomplish this task, the Company revised its internal regulatory documents regulating procedures for forming and working with the personnel reserve, revised the key positions for which a continuity program is formed, taking into account possibilities of integrating or transferring personnel within the Group of Companies.

In 2014, for the purpose of improving efficiency of the personnel potential and the personnel management system, the Samruk-Energy Group updated the personnel reserve: evaluated potential of candidates, held calibrated sessions, and determined career plans of chosen reserved personnel. According to the results of these procedures, the number of reserve personnel totaled 628 persons across Samruk-Energy JSC.

Training events and meetings of reserved personnel with members of the Company's Board of Directors and the Chairman of the Board are held in order to train and further develop reserve staff.

Moreover, under the program of transformation and changes, the Samruk-Energy JSC Group introduced a new competency model permitting to identify future managers and leaders in the industry with concentration on market inquiries and forthcoming challenges.

Work with young people and tutorship development

The youth policy is a system of priorities and measures aimed at attracting, creating conditions and opportunities for the successful and efficient self-realization of young personnel, and developing their professional potential.

Youth non-governmental organizations and youth movements were created and are currently functioning within the Group of Companies; their key areas of activities include the creation of socio-economic, legal and organizational conditions and guarantees for spiritual, cultural, educational and professional attitudes and physical the development of young people, and the opportunity to discover their own creative potential.

In total, 12 youth organizations involving over 4,700 persons carry out their activities within the Group of Companies.

In order to improve the quality of training young qualified specialists, engineering and vocational education, and reduce the gap between theories learned by students at an educational institution and industrial and labor market requirements, Kazakhstan launched a process of reforming and modernizing the engineering and vocational systems.

Thus, based at Bogatyr Komir LLP and Almaty Power Plants JSC, a dual education system has been gradually implemented, implying cooperation with engineering institutions in training specialists.

The first group of 17 electrical fitters maintaining and repairing equipment graduated from Ekibastuz Vocational School SI this year; 5 of them were hired by Bogatyr Komir LLP. A group of 25 electrical fitters maintaining automatics and measuring tools will graduate from the Almaty State College of Energy and Electronic Technologies in 2017. They are currently trained on the industrial sites of Almaty Power Plants JSC.

For the purpose of developing dual education, agreements and contracts will be signed in 2015 with engineering and vocational education institutions to implement dual education for 50 students at four entities of the Companies.

In addition, in order to improve the quality of training of young specialists with engineering and vocational education, the Company provides material and technical support to partner colleges. In 2014, the Company's subsidiaries – Bogatyr Komir LLP and Plant Ekibastuz SDPP-2 LLP – delivered 21 items of engineering equipment to the Ekibastuz Polytechnic College, including measuring devices, relay equipment, diodes, thyristors, condensers, starters, power equipment, machine tools (grinding, fine-boring, universal pipe-bending ones), etc.

The Company actively promotes a tutorship system as one of the most efficient forms for young personnel training. The main purpose of tutorship is to create good conditions for the efficient adaptation of young workers among the Company's personnel. Tutorship is based on a principle according to which an employed trainee receives regular feedback from a tutor, an experienced and highly qualified Company worker.

In order to promote the continuity of generations and popularize a power engineer profession, last May the Company organized a meeting of 11 labor dynasties in Astana, whose working experience ranged from 100 to 160 years. The meeting was covered on the websites and bulletin boards of subsidiaries.

Labor motivation and remuneration

The Company pays special attention to personnel's determination to achieve high production results, their interest in professional and career growth within the Company. The Company tries to ensure the personnel's high motivation, guaranteeing good remuneration.

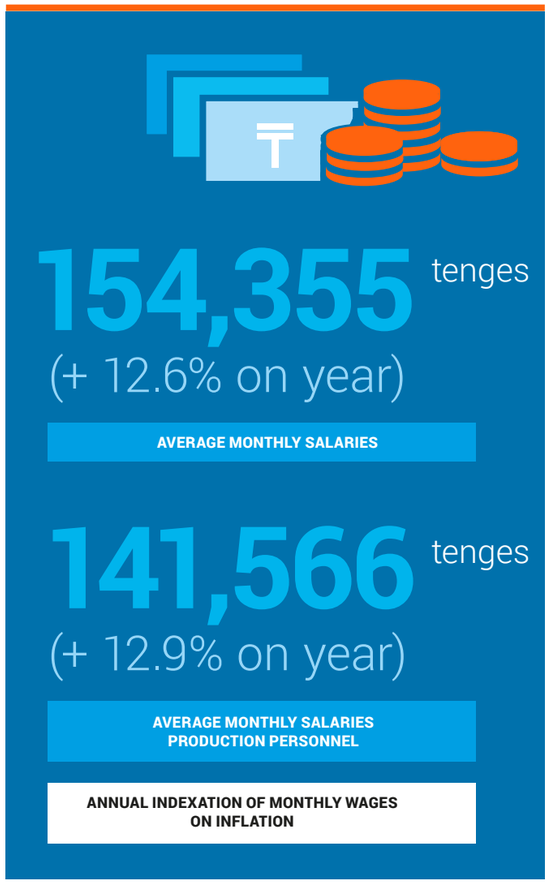
Thus, as part of work operations in this area and according to the Order of the State Head, on April 01, 2014 the salaries of Company employees involved in production were increased and their average monthly amount totaled 141,566 tenges at the end of 2014, representing 101% execution of the plan (140,004 tenges).

The 2014 indicator of average monthly salaries totaled

154,355 tenges , a 12.6% growth year on year, including the office and management personnel: 302,457 tenges (9.6% growth), production personnel: 141,566 tenges (12.9% growth).

Under Article 124 of the Republic of Kazakhstan Labor Code and provisions of internal documents regulating personnel labor remuneration, the Company performs annual indexation of monthly rates (salaries and wages) after January 01, taking into account the inflation rate (in proportion to changes in the minimum salaries set forth by the Republic of Kazakhstan Law "On the Republican Budget").

Company employees receive extra pay for combining professions (positions), expanding zones of services or increasing the scope of performed works within the approved labor remuneration fund; differentiated perks in addition to rates and salaries are granted for high professional skills and qualification, or performance of particularly important work.



The Samruk-Energy Group of Companies conforms to the minimum standard of salaries payable to workers carrying out heavy operations, works involving harmful (particularly harmful) and hazardous labor conditions based on the minimum amount of the monthly salaries set forth by the Republic of Kazakhstan law on the republican budget for the relevant year, and increasing industry-specific coefficients.

In order to improve the remuneration system, in 2014 the Company started a process of unifying policies in subsidiaries in the field of labor remuneration and bonus payment; revised regulatory documents regulating this issue were approved.

Thus, Shardarinsk HPP JSC, Bukhtarma HPP JSC and AlmatyEnergoSbyt LLP granted, within the approved labor remuneration fund, one-time bonuses dedicated to the Republic of Kazakhstan Independence Day, amounting to no more than 10 minimum wages. Bukhtarma HPP JSC, Samruk-Green Energy LLP and First Wind Power Plant LLP grant financial aid equivalent to a salary in addition to a leave allowance. Funds for the above payments are stipulated by the Development Plan for 2015.

The labor remuneration system of the Samruk-Energy Group of Companies is based on the following principles:

- personnel motivation to achieve Company objectives by increasing the efficiency of individual activities, structural subdivision activities, and by achieving the organization's strategic goals;
- competitiveness of the social package on the labor market, taking into account regional and business specifics;
- transparency: employee awareness of the principles for forming the remuneration structure and level by maintaining confidentiality;
- compliance of the labor remuneration system with the effective laws of the Republic of Kazakhstan.

The Company, its subsidiaries and affiliates monitor, on an annual basis, the labor market in the areas of their operation and, according to data received, adjust their personnel's salaries. In 2014, the minimum wages and salaries paid by the Company amounted to 60,802 tenges, a 7% increase year on year. According to the Republic of Kazakhstan Law "On the Republic of Kazakhstan Republican Budget", minimum salaries for 2014 are set at 19,966 tenges.

EC5 RATIO OF INITIAL LEVEL SALARIES AND ESTABLISHED MINIMUM SALARIES IN IMPORTANT REGIONS OF THE ORGANIZATION'S OPERATIONS

Indicator	UoM	Value (2014)
Minimum salary	thousand tenges	19,966
Salary of an initial level employee in important regions of the organization's operations	**thousand tenges**	**88,398**
Men	thousand tenges	89,430
Women	thousand tenges	87,366
Ratio of established salaries to minimum salaries	**%**	**443**
Men	%	448
Women	%	438

Social Responsibility

Social policy

The Company's social responsibility is exercised according to the Development Strategy and adopted Strategy of Corporate Social Responsibility. The main trends include the implementation of state programs in the social area, safety and environment, charitable assistance and sponsor support, satisfaction of personnel needs and health gain, and development of human capacity and effective investments in production development.

As a socially oriented enterprise, the Company pays a lot of attention to implementing different social projects and cooperating with regional and municipal Akimats as part of the social partnership agreements.

Measuring and increasing social stability

In order to evaluate the personnel's social feelings, to measure the key indicators of the personnel's moods, and to identify problems and alerting zones, in Q3 2014, the Social Partnership Center and the Corporate University of Samruk-Kazyna JSC studied the social stability rating and personnel involvement indicator.

The studies showed that in 2014 the social stability rating of production personnel at the Group of Companies was characterized by positive dynamics and grew from 63% in 2013 to 69% in 2014. It should be noted that in 2013 only one Company subsidiary had a high rating; in 2014, three Company subsidiaries achieved the high stability level.

The involvement of the administrative and management staff is also characterized by positive growth: from 63% in 2013 to 65% in 2014. The personnel of the Group of Companies are highly satisfied with good labor conditions, and outlooks for professional and career growth. A good level of salaries was emphasized by 27% of surveyed respondents.

For the purpose of ensuring the social development of companies, regulating social and labor relations, and involving personnel, the Group of Companies drew up proper plans of measures aimed at increasing the social stability rating for 2014-2018, initiated social stability rating indicators in the KPI of the Company's senior managers, implying responsibility for the prevention and settlement of social and labor conflicts, maintenance and an increase in the feedback level from personnel.

Social package

The Company strives to ensure sustainable business development, paying special attention to both economic and social components. A social package aimed at increasing the personnel's income and social security is one of the key tools for improving the personnel's motivation, engaging and keeping highly qualified personnel.

Social payments and benefits offered in 2014 to personnel of the Samruk-Energy JSC Group of Companies included: worker's insurance against workplace accidents, one-time healthcare assistance, health resort treatment, sick leaves, healthcare insurance and treatment, financial aid for an occupational injury, etc.

In addition, under collective agreements, the Samruk-Energy Group of Companies pays for overtime work, work during holidays and days off, night shift work, bonuses and perks, remuneration of workers carrying out heavy operations, works in harmful (particularly harmful), hazardous labor conditions; additional paid annual leave, one-time incentive payment associated with an anniversary celebration (50, 60 years), continuous work experience in the power sector of 10 and more years.

Employees combining work and training at educational institutions are also granted additional leaves for examination periods or orientation sessions, preparation and defense of a diploma project and graduation examinations.

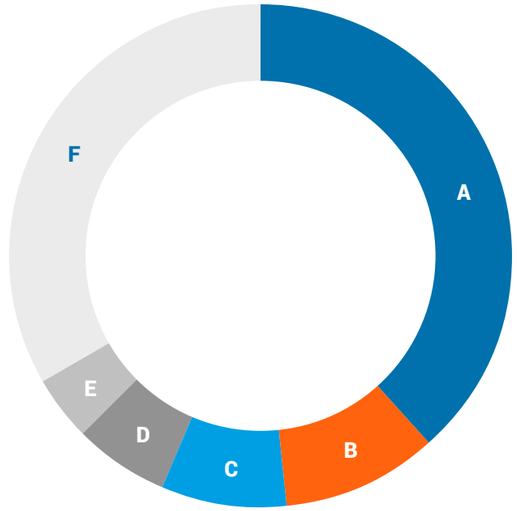
Thus, in 2014, social payments at the Group of Companies totaled 3,087,296 thousand tenges.

3,087,296

SOCIAL PAYMENTS IN 2014 thousand tenges

The Company's subsidiaries implement loan programs for housing purchases to improve the housing standards of their employees. For instance, Bogatyr Komir LLP implements a loan-disbursing program for young workers for housing purchases to encourage personnel to stay with the Company. In 2014, housing was purchased by more than 47 young workers, totaling 294,890 thousand tenges. Housing was also provided to the personnel of Moynak HPP JSC; the reconstruction of a motorway, and the construction of roads within inhabited areas were carried out this year in order to create good conditions for personnel's housing; the construction of a filling station is coming to an end.

STRUCTURE OF SOCIAL PAYMENTS



- **A** One-time healthcare payment when granting leaves 38%
- **B** Payment for housing loans to young personnel 10%
- **C** Cost for holding holiday, cultural, and sports events 9%
- **D** Health resort treatment for personnel 6%
- **E** Healthcare insurance 4%
- **F** Other payments 33%

Payments and benefits granted to personnel

Payments and benefits for employees	Full-time employees	Temporary or part-time employees
Life insurance	Granted	Granted
Health care service (health insurance)	Granted	Granted
Disability compensation	Granted	Granted
Maternity/paternity leave	Granted	Granted
Pension benefits (one-time payment at retirement)	Granted	Not granted
Transfer of company shares	Not granted	Not granted
Other (sanatorium-resort therapy, welfare assistance for the birth of a child, welfare assistance for the treatment of family members, welfare assistance for health promotion)	Granted	Granted

Healthy lifestyle

The Company actively promotes a healthy lifestyle among its personnel and their families. Every year, massive sports competitions and personnel active leisure events are held along with the trade unions of the Samruk-Energy Group of Companies.

For instance, in September 2014, the Federation of Trade Unions of Power Engineers non-governmental association held the 2nd Sports Festival among the personnel of the Samruk-Energy Group of Companies, in which over 300 participants from 14 teams participated. According to Contest results, the team of Samruk-Energy JSC participated in the 2nd Sports Festival of Samruk-Kazyna JSC and won the honorary 3rd position among the 17 teams.

Labor Contracts

The Group of Companies signed 13 effective collective agreements, which determine mutual relations between the employees and the employer within a social partnership, the mutual responsibility of the parties, and provide the employees with additional benefits and guarantees aimed at ensuring their social protection. Obligations secured in the contracts are discharged consistently. Bilateral commissions on the settlement of social labor disputes operate in a constructive way.

Labor contracts are elaborated and concluded according to Article 282 of the Labor Code of the Republic of Kazakhstan. Labor contracts are elaborated with the participation of the trade committee chairmen, who have work experience of 10 to 35 years. Labor contracts are concluded for three years. Legal review is performed prior to the conclusion of labor contracts.

Obligations secured in the contracts are discharged consistently. Bilateral commissions on the settlement of social labor disputes operate in a constructive way. They control the performance of contractual obligations and necessary amendments to the contracts.

LA4 MINIMUM PERIOD OF NOTICE OF SUBSTANTIAL CHANGES IN THE ORGANIZATION'S ACTIVITIES AND WHETHER IT IS DETERMINED IN THE LABOR CONTRACT

According to Item 2 of Article 48 of the Labor Code of the Republic of Kazakhstan, the Management, Company and its subsidiaries and affiliates inform an employee and/or his/her representatives in writing of the changes in labor conditions no later than one month beforehand. This item is stipulated in the labor contract and rigorously observed by each company of the Samruk-Energy Group of Companies.

G11 SHARE OF EMPLOYEES UNDER LABOR CONTRACTS IN 2014

Indicator	UoM	Value
Total employees (headcount) as of the end of 2014	persons	23,569
Including employees under labor contracts for 2014	persons	22,745
Share of total employees under labor contracts	%	97

Company respect for human rights

The main aim of the Company with regard to sustainable development in relationships with its personnel is to exercise the human rights to work.

Furthermore, the Company respects the religious convictions and political preferences of its employees provided that they are not in conflict with the existing regulatory framework of the Republic of Kazakhstan. The Company does not prevent its employees from participating in any political, religious and social activities as private individuals and out of working hours.

In 2014, the Samruk-Energy Group of Companies recorded no violation of the rights of local and minor peoples. The Company recognizes the principle of equal rights and opportunities. Employees have a right to freedom of association and collective negotiations under the effective laws.

Throughout 2014, the Samruk-Energy Group of Companies strictly complied with requirements prohibiting the labor of children under 18 in places with harmful and (or) hazardous labor conditions, and prevented any discrimination with respect to employees and business partners.

At present, the Group of Companies has 16 trade unions, 80% of whose members (over 19,000 people) are employees of the Group of Companies.

In the first half of 2014, six initial trade unions out of the above 16 started their work operations; their members total 844 persons. Experienced trade union workers actively participating in improving the social stability rating and personnel involvement were elected as heads of trade unions.

In order to reduce the level of social tension, settle labor disputes and protect the rights of personnel, the Group of Companies set up an institution of mediators, whose number reached 319 people by the end of 2014; eight of them received certificates of corporate mediators.

This year, the Group of Companies held a round-table meeting with mediators and heads of its subsidiaries and affiliates dedicated to the psychological aspects and settlement of conflicts. A round-table meeting on social and labor relations was dedicated to improving social and household conditions, relations between employees of industrial units, occupational safety and labor protection.

Furthermore, 24 complaints were considered with the participation of mediators, which were forwarded to the management staff of subsidiaries, government agencies, and non-governmental organizations, a 42% decrease annually (41 complaints in 2013).

It should be noted that the positive changes took place in the complaint handling unit in 2014. In 2013, over 37% of the complaints were sent to higher-level agencies, but in 2014 this indicator was 18%. The complaint indicator forwarded to conciliation committees, trade unions and company management staff reached 82%, which testifies to the growing trust placed by personnel in trade unions and company administrations.

Along with the trade union organizations, the standing Commissions on Settlement of Social and Labor Disputes were established in the Samruk-Energy Group for management of social and labor relationships.

To register inner complaints by employees, the Samruk-Energy Group of Companies introduced hot lines, special complaint and application boxes, and personal blogs of the heads of organizations.

In addition, the Group of Companies is forming an ombudsman institution approved by the Ombudsman Regulation and the Codes of Business Ethics. The Group of Companies currently has 13 ombudsmen.

LA16 NUMBER OF COMPLAINTS ABOUT LABOR RELATIONS SUBMITTED, PROCESSED AND SETTLED THROUGH OFFICIAL MECHANISMS FOR SUBMITTING COMPLAINTS

Indicator	Value
Total number of complaints about labor relations submitted through official mechanisms for submitting complaints in 2014, including	24
processed during the reporting period	24
settled during the reporting period	24
Specify the total number of complaints about labor relations submitted before the beginning of the reporting period and settled during the reporting period	1

LA8 HEALTHCARE AND SAFETY ISSUES IN OFFICIAL AGREEMENTS WITH TRADE UNIONS

Indicator	Value
Do official agreements (global or local ones) with trade unions cover healthcare and safety issues?	Yes
If positive, information about the extent to which healthcare and safety issues are covered by local agreements signed by the organization. Local agreements usually cover issues such as:	
Individual protection equipment	Yes
Joint committees on health and safety with participation of representatives of management staff and workers	Yes
Participation of employee representatives in inspectorates for health and safety, audits and accident investigations	Yes
Training and education	Yes
Mechanism for submitting complaints	Yes
Right to refuse to perform hazardous works	Yes
Regular inspections	Yes
If positive, information about the extent to which healthcare and safety issues are covered by local agreements signed by the organization. Global agreements usually cover issues such as:	
Compliance with recommendations of the International Labor Organization (ILO)	Yes
Measures and units for problem solution	Yes
Obligations relevant to target performance standards or the level of applied practical approaches	Yes

Corporate social responsibility indicators

Successful implementation of the Company's Corporate Social Responsibility Strategy is determined by the values and dynamics of the key performance indicators. The Company is oriented toward gradual improvement of results, which is supported by actual data of the key indicators in the field of corporate social responsibility.

EC	UoM	Fact 2013	Plan 2014	Fact 2014
Share of Samruk-Energy JSC in the RK total generation	%	31.1	29.3	30.0
Share of Samruk-Energy JSC in coal mined in the RK	%	37	31.2	35
Income generated by core operations	mln tenges	135,844	221,497	178,085
Share of investments in innovative projects in company revenue	%	,	14.0	14.8
Share of net profit from innovative projects in the company's total net profits	%	,	0.02	2.39
Extent of damage caused by emergencies	mln tenges	,	7.00	14.04
Occupational and environmental protection expenses	mln tenges	1,514	1,574	1,430
Social stability rating	%	63	63	69
Personnel turnover	%	10.1	12.0	8.6
Involvement degree	%	63	63	65
Personnel headcount, total	persons	17,426	18,781	18,203
Cost of training 1 employee per year	thousand	29.4	20.84	20.28
% of training costs from the labor compensation fund	%	1.20	1.30	1.13
Number of workplace accidents per thousand people	number/1,000 persons	0.5	not planned	0.2
Costs for sponsor ship and charitable donations	mln tenges	824	1,540.7	1,170.9
Accrued taxes and other obligatory charges	mln tenges	10,859	19,785	17,654
Share of the local content in goods, works and services	%	69.0	63.0	76.0
Costs for sponsor ship and charitable donations	mln tenges	824	1,540.7	1,170.9
Accrued taxes and other obligatory charges	mln tenges	10,859	19,785	17,654
Share of the local content in goods, works and services	%	69.0	63.0	76.0

Occupational safety

G4-LA5 SHARE OF TOTAL PERSONNEL REPRESENTED IN OFFICIAL JOINT HEALTHCARE AND SAFETY COMMITTEES WITH PARTICIPATION OF REPRESENTATIVES OF MANAGEMENT STAFF AND WORKERS TAKING PART IN MONITORING AND FORMING RECOMMENDATIONS ABOUT HEALTHCARE AND OCCUPATIONAL SAFETY PROGRAMS

Pursuant to Article 339 of the Republic of Kazakhstan Labor Code, all the subsidiaries and affiliates set up occupational safety committees (commissions) (OSCs). OSCs consist of representatives of the employer, trade union, or other representatives authorized by employees on a parity basis.

Around 2.8% of the employees of the Company subsidiaries and affiliates are represented in occupational safety committees.

G4-LA6 TYPES AND LEVEL OF INDUSTRIAL TRAUMAS, LEVEL OF OCCUPATIONAL DISEASES, COEFFICIENT OF LOST DAYS AND COEFFICIENT OF WORK ABSENCE, TOTAL NUMBER OF WORK-RELATED DEATHS, BY REGION AND GENDER

As compared to 2013, indicators for industrial injuries recorded by the Company subsidiaries and affiliates dropped in 2014. However, one lethal case that took place in 2014 should be noted.

Registration, procedure for notification and record of workplace accidents were carried out according to Chapter 37 of the Republic of Kazakhstan Labor Code "Investigation and accident records and other damages caused to employees' health related to labor activities" and other RK laws and regulations. A report on monitoring occupational safety and industrial trauma was prepared on a monthly basis to be submitted to the RK competent state labor authority. According to the annual results, the RK Statistics Agency received reports on traumas related to labor activities and occupational diseases according to form 7-TPZ.

Type of injuries	2013	2014
Chemical burn	1	-
Bruise	1	-
Traumatic amputation	1	-
Electrocution	4	1
Fracture	5	3
Total	**12**	**4**

Indicators	2013	2014
Personal injuries coefficient (PIC)	0.06	0.02
Occupational disease coefficient (ODC)	0	0
Lost day coefficient (LDC)	6.24	1.0
Work absence coefficient (CAW)	9.8	20.5
Number of lethal accidents	0	1

Notes:

Personal injuries coefficient (PIC) –
PIC = total number of traumas * 200,000 / Total number of hours worked;

Lost day coefficient (LDC) –
LDC = total number of lost days * 200,000 / Total number hours worked;

Work absence coefficient (CAW) –
CAW = total number of missed days (absence) for the period * 200,000 / Total number of days worked in the same period.

G4-LA7 EMPLOYEES WITH HIGH TRAUMA RATE AND HIGH RISK OF OCCUPATIONAL DISEASES

Company subsidiaries and affiliates	Number of jobs with harmful and hazardous labor conditions
Almaty Power Plants JSC	2,109
Aktobe TPP JSC	307
Plant Ekibastuz SDPP-2 JSC	1,101
Zhambyl SDPP JSC	379
Ekibastuz SDPP-1 LLP	900
Alatau Zharyk Company JSC	164
East-Kazakhstan Regional Energy Company JSC	744
Mangistau Distribution Power Grid Company JSC	25
Shardarinsk HPP JSC	119
Bogatyr Komir LLP	5,041

All the workplaces of Company subsidiaries and affiliates were certified according to labor conditions. Workplaces with harmful and hazardous labor conditions were defined following workplace certification. Employees are offered adequate benefits, including individual protection equipment and special clothing*.

All Company subsidiaries and affiliates developed plans for the improvement of labor conditions of personnel working in harmful and hazardous labor conditions.

* Resolution of the Government of the Republic of Kazakhstan dated December 5, 2011 № 1458 "On approval of the Rules of issuance to employees of milk, preventive nutrition, special clothing, footwear and other personal protective equipment, provide employees with collective protection, ablution facilities and devices at the expense of the employer; norms of delivery of milk to workers by the employer; norms issuing workers preventive nutrition at the expense of the employer "

MEASURES TAKEN TO REDUCE THE INDUSTRIAL TRAUMA RATE AT ALL COMPANY SUBSIDIARIES AND AFFILIATES

1. All workers are informed about circumstances and causes of accidents.

2. All production personnel receive unplanned instructions.

3. Knowledge of the operating rules and regulations, occupational safety rules, and guidelines on occupational safety of employees at whose subdivisions an accident took place is examined.

4. Occupational safety days are organized on a monthly basis with the participation of senior managers. Measures aimed at correcting identified violations are taken according to the results of the occupational safety days.

5. Security and occupational safety services organize comprehensive inspections of equipment, buildings, facilities and workplaces. Response plans are prepared based on the results of comprehensive inspections, including execution deadlines and responsible persons.

6. All production personnel are trained according to the Rules for training, instruction, and examination of employee knowledge of occupational safety.

7. Before the repair campaign, all subsidiaries and affiliates hold seminars and meetings with engineers and technicians of structural subdivisions authorized to give assignments, manage and perform works, with practical trainings on the correct access for teams to perform works and formalize assignments.

8. Works are certified at the companies according to labor conditions at least every five years.

9. Scheduled replacement of equipment exhausting its longevity resource and posing a serious threat to production personnel is carried out.

10. OHSAS 18001 BUREAU VERITAS Certification

Practically all Company subsidiaries and affiliates introduced the international standard "Healthcare and occupational safety management system OHSAS-18001".

11. Each case of work-connected injury is considered at meetings of boards of directors/supervisory boards of the Company's subsidiaries and affiliates.

G4-LA8 COVERAGE OF HEALTHCARE AND SAFETY ISSUES IN OFFICIAL AGREEMENTS WITH TRADE UNIONS

Collective agreements between employers and employees represented by trade unions were signed at all Company subsidiaries and affiliates. The procedure for signing collective agreements is regulated by Chapter 31 of the Republic of Kazakhstan Labor Code (RK LC). The contents and structure of a collective agreement determined by Article 284 of the RK LC stipulates, in particular, "… creation of healthy and safe work and household conditions, amount of financing for occupational safety measures, healthcare improvement …"

Collective agreements encompass 100% of employee healthcare and occupational safety.

G4-LA5-LA7 PROGRAMS FOR EDUCATION, TRAINING, CONSULTING, RISK PREVENTION AND MANAGEMENT TO ASSIST THE EMPLOYEES, THEIR FAMILIES AND PEOPLE'S REPRESENTATIVES WITH REGARD TO SEVERE DISEASES

Company subsidiaries and affiliates have no employees working in conditions with considerable or high risk of specific diseases. According to Order No. 166 of the Republic of Kazakhstan Government dated January 25, 2012 "On approval of the list of harmful industrial factors and professions due to which obligatory medical examinations are conducted, Rules of obligatory medical examinations" (hereinafter, the Order), personnel of the Samruk-Energy Group of Companies undergo preliminary and regular medical examinations. Medical examinations are conducted by healthcare institutions holding licenses for medical evaluation of professional aptitude according to the health status. According to the results of preliminary and periodic medical examinations, the commission recommends a set of actions focused on promoting an employee's health, particularly hospital examinations and treatment, rehabilitation treatment, health resort therapy and referral to profiled sanatoriums.

In accordance with the above-mentioned Order, a certain category of employees undergoes pre-shift medical examinations. Educational work is conducted to reduce the morbidity rate among the employees.

No work with respect to serious diseases is carried out with members of employees' families and representatives of the population.

Policy and requirements for healthcare and safety of contractual and subcontractual employees

According to the recommendation of the Company's Working Group, all the subsidiaries and affiliates prepared internal regulatory documents with requirements for choosing contractors based on their compliance with the RK laws and regulations on occupational safety, industrial and fire safety, and contractual certificates of international standards in the field of quality, environmental safety, and occupational safety. For instance, APP JSC prepared and introduced the Regulation "On organization of contractual works in the territory of APP JSC production departments". The Regulation toughened requirements for choosing contractors and controlling the execution of the section for contractual compliance with RK laws on occupational safety, industrial and fire safety.

Percentage of contractual and subcontractual employees trained on occupational safety

Permits for contractual employees to access workplaces to carry out work operations according to their contractual obligations are in compliance with the requirements for occupational safety rules. Orientation, and initial and target trainings are held during permitting the access; qualification certificates are checked with training on occupational safety and medical examination specification. According to the mentioned above, 100% of the contractual employees workers completed proper occupational safety training.

Charity

The government tries to balance its business policy for social responsibility. In 2011, Samruk-Energy joined the UN Global Compact and approved the corporate social responsibility strategy aimed at systematizing, improving and implementing social programs. Moreover, Samruk-Energy regularly employs disabled specialists.

Pursuant to decisions of the Board of Samruk-Kazyna NWF JSC No. 03/14 dated January 27, 2014, 23/14 dated May 06, 2014, 29/14 dated June 24, 2014, 41/14 dated August 27, 2014, 54/14 dated December 04, 2014, 58/14 dated December 25, 2014, projects worth 575,175,000 tenges were financed in the given period, including those under sponsorship assistance – 564,782,000 tenges, charity – 10,393,000 tenges.

An amount of 489,870,000 tenges was earmarked to finance activities of sports federations, clubs, and organization of sports events by the Group of Companies. The following socially important projects were supported: World Energy Council, international conference "Advanced methods of enrichment and comprehensive processing of natural and man-made mineral raw materials" (Plaksin readings 2014), forum for students of energy educational institutions of Kazakhstan "Energy of the Future", publication of the book chronicle "Energy of Kazakhstan", environmental volunteer clean-up, etc. Considerable assistance is provided to organizations of veterans, disabled people, and children's homes and centers. The Company participated in large-scale republican events such as "Road to school" for disabled children and children from low-income families, senior citizen month, honoring of retired power engineers registered at Samruk-Energy JSC as part of the Day of Labor Dynasties. Granting electricity benefits of Shardarinsk HPP JSC to WW2 and Afghanistan war veterans in need has become a good longstanding tradition.

These events help improve the company's business reputation, and increase the level of social responsibility. Samruk-Energy plans to keep on developing the social aspects by participating in government social responsibility programs and charity programs, including taking care of people in each area of its operations.

List of sponsorship measures

An amount of 57,870 million tenges was allocated as part of support for events ordered by the Republic of Kazakhstan President, the Board of Directors and the Board of the Fund, including:

- Corporate Fund – Care – for purchasing sports equipment for Public Institution East-Kazakhstan Children and Youth Sports School No. 3 for the Zyrianovsky District: 270 thousand tenges;
- South Kazakhstan branch of RK Taekwondo Federation NGO for participation of R. Kuandykov in the 7th Taeokwondo Championship of Asia in Katmandu (Nepal): 200 thousand tenges;
- Legal Entities Organization in the Form of Association Asian Box Confederation for supporting and developing national volleyball: 15 million tenges;
- Public Fund "Pavlodar Volleyball Club" for supporting and developing national volleyball: 30 million tenges;

- Legal Entities Union in the Form of Association – Confederation of Combat Sports and Endurance Sports": 10 million tenges;
- Football Club Semey-Astana NGO for participation of the Semey football club in the European Championship among amateur teams Euro-2014.
- An amount of 475,712 million tenges were given to support socially important projects, including:
- Corporate Fund "Presidential Professional Sports Club Astana" for financing PK Astana-Arlans LLP, including for the organization of a demonstrative super match of two champions of the 3rd and 4th seasons of the AIBA according to the WSB version: 200 million tenges;
- RNGO Kazakh National Academy of Sciences for holding the international conference – Advanced methods of enrichment and comprehensive processing of natural and man-made mineral raw materials" (Plaksin readings 2014): 3 million tenges;
- NGO Federation of Trade Unions of Power Engineers for holding a forum of students of energy educational institutions of Kazakhstan – Energy of the Future: 6,618 thousand tenges;
- Public Institution "Secondary general educational school No.11 of the education department of the Ekibastuz akimat" for repairing the ground floor of Sports School No.11 of Ekibastuz: 27,258 thousand tenges;
- NGO Federation of Trade Unions of Power Engineers for organizing volunteer clean-up: 2,109 thousand tenges;
- CF "Presidential Professional Sports Club Astana" for financing PK Astana-Arlans LLP. 132 million tenges;
- NGO Kazakhstan power association for helping publish the book chronicle "Energy of Kazakhstan": 4,727 thousand tenges;
- CF "Presidential Professional Sports Club Astana" for financing PK Astana-Arlans LLP. 80 million tenges;
- CF "Presidential Professional Sports Club Astana" for financing PK Astana-Arlans LLP. 20 million tenges.
- An amount of 31,200 thousand tenges was allocated to support other image projects, including:
- Legal Entities Union KAZENERGY for the World Energy Council: 31,200 thousand tenges.

List of charity events

- VK REK JSC signed an agreement with Zhilstroisberbank JSC for acquiring housing for K. A. Kniazkin (at age of majority), according to the system of housing development savings;
- VK REK JSC signed an agreement with Zhilstroisberbank JSC for acquiring housing for V. Yu. Zaytseva (at age of majority), according to the system of housing development savings;
- Care Corporate Fund purchased an audio system for the Orphan Home for extra-curricular events worth 200 thousand tenges;
- NGF Children Charity Fund Ymit-Hope for holding the Road to School event for disabled children provided aid of 205 thousand tenges;
- To "Care" Corporate Fund for purchasing household appliances for Public Institution "Serebriansk general healthcare and social institution for the disabled and elderly": 49 thousand tenges;
- Care Corporate Fund for purchasing school items for children from low-income families: 500 thousand tenges;
- Almaty municipal branch of RNGO Veterans Organization for holding a Senior Month: 1,990 thousand tenges;
- Non-Governmental Institution "Charity Family House Nur" for purchasing diesel fuel to heat the building in winter. 3,450 thousand tenges.

An amount of 3,799 million tenges was allocated to support pensioners registered at the Organization and WWII veterans and related persons, including:

- WWII and Afghanistan war veterans, HPP pensioners for granting electricity benefits to WWII and Afghanistan war veterans in need: 1,568 thousand tenges;
- Association of NGOs "Generation" to support senior citizens due to an increase in utility bills and general decline of pensioners' living standards: 500 thousand tenges;
- NGO Federation of Trade Unions of Power Engineers for honoring retired power engineers registered at Samruk-Energy JSC associated with the Day of Labor Dynasties: 1,515 thousand tenges;
- Retired workers of SDPP-1 LLP for delivering food to pensioners (associated with Senior Citizen Day and the Power Engineer Day): 51 thousand tenges;
- Retired workers of SDPP-1 LLP for charity assistance to pensioners (former workers of SDPP-1 LLP): 165 thousand tenges.

ECONOMIC FACTORS

Development of Local Content Share

Mission to develop local content share

As part of implementing the state developmental program, the local content share (hereinafter, the LCS) approved by Republic of Kazakhstan Government Order dated October 29, 2010, in the process of modernizing the existing or putting into operation new generating facilities, the Company is expected to ensure the gradual development of local content share and the participation of national manufacturers (NM) in implementing production and promising power projects when creating new production facilities.

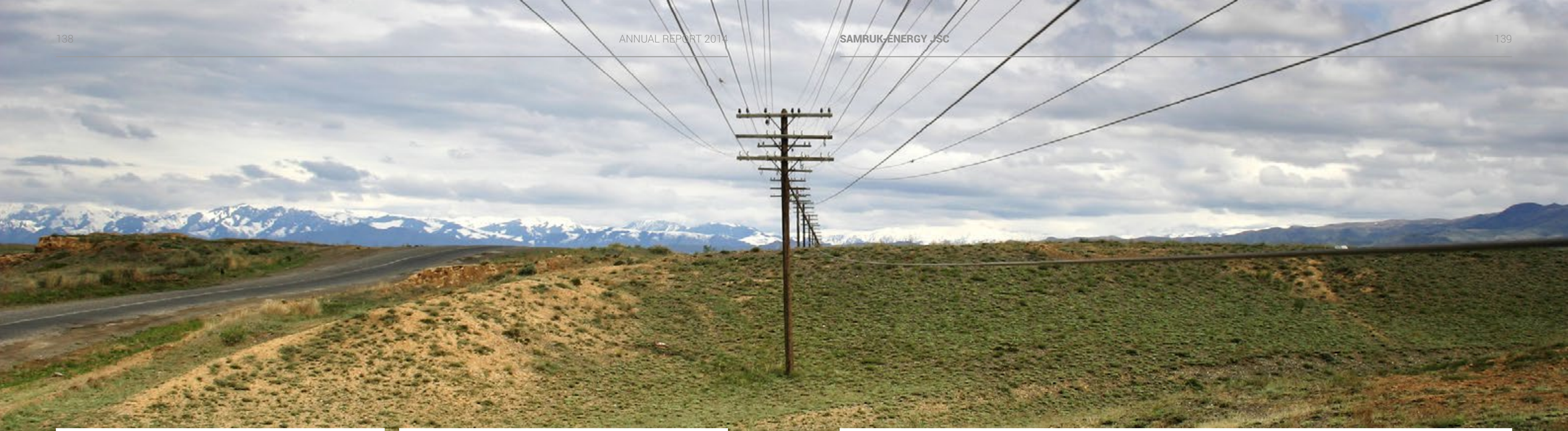
Vision of local content share

The Company views itself as a leader of national manufacturers in the energy sector in terms of presence and development of NM in the electric energy segment of the country's economy, including as part of work operations aimed at creating the foundation and implementation of the green economy strategy, RES development, energy improvement and resource efficiency of production facilities.

Ways and methods of developing local content share

For the purpose of implementing a mission to develop the local content share and ensure NM participation in project implementation on all dialogue sites, the Company offers and takes several consistent measures to implement the program for the development of local content share:

- setting up joint ventures with leading title holders so as to receive access to knowhow, advanced technologies and production;
- increasing the share of NM localization;
- engaging Kazakh personnel when implementing investment projects;
- engaging NM when modernizing existing power assets and building new ones.



Expected results

The implementation of the above measures will make it possible to improve NM competitiveness, engage business in the power sector in a more comprehensive and systematic way, and increase innovations and efficiency of the industry in general.

Therefore, conditions will be created for organizing new production facilities, increasing the local content share when producing components for equipment to be supplied, receiving conditions for transferring technologies from the world's leading title holders and developing the segment for maintenance of equipment to be supplied. Some positive effects will include new jobs created as a result of the above measures and necessary conditions for improving the qualification of local personnel as regards to operation, maintenance and repairs of supplied and manufactured equipment. Problems of guaranteed product sales will be solved: long-term agreements with NM will be signed.

Information about the number of agreements signed with national manufacturers in 2012-2014

In 2012, the Company signed product agreements – 3,918 items worth 168 billion tenges, including NM – 237 items worth 37 billion tenges.

In 2013, the Company signed product agreements – 4,672 items worth 299 billion tenges, including NM – 388 items worth 69 billion tenges.

In 2014, the Company actually supplied products worth 157.97 billion tenges under 3,768 agreements, including NM – 432 items worth 124.75 billion tenges.

Information about the number of signed long-term agreements for 2013-2014

In 2013, the Company signed 4 long-term agreements with national manufacturers worth 8.3 million tenges in total.

In addition, the Group's companies pay special attention to social responsibility; therefore, in 2014 the Company signed agreements with disabled people's organizations worth 28 million tenges.

Information about the local content share in procurement over 2012-2014, thousand tenges*

	Actl. 2012			Actl. 2013			Actl. 2014		
	Total amount of signed agreements	NM amount	% NM	Total amount of actually supplied goods, works and services	NM amount	% NM	Total amount of actually supplied goods, works and services	NM amount	% NM
Goods	175,949,669	112,421,300	64 %	166,114,048	123,164,229	74 %	157,966,728	125,853,121	80 %
Works	66,287,021	26,184,573	40 %	127,069,408	57,398,008	45 %	99,769,397	49,652,585	50 %
Services	98,087,186	94,582,504	96 %	80,782,171	78,555,575	97 %	99,018,102	97,399,442	98 %
Total	**340,323,876**	**233,188,377**	**69 %**	**373,965,627**	**259,117,812**	**69 %**	**356,754,227**	**272,905,148**	**76 %**

* Note: data of Samruk-Kazyna Contract LLP.

As compared to 2012, in 2013 the local content share in monetary terms grew by 25.9 billion tenges and in 2014 – by 13.8 billion tenges.

Participation in regional exhibitions for developing a local content

Over the past year, the Company participated in the Dialogue Site: Innovation Cluster of the Special Economic Zone "Park of Innovative Technologies": new approaches to the development of local content organized by National Local Content Development Agency NADLOG JSC in Astana and Almaty, the Republican Forum for the development of local content organized by the Karaganda Region Akimat, the State Procurement-2015 campaign held annually by the Almaty Akimat with participation of the Almaty akimat and the Chairman of the Board of NWF Samruk-Kazyna JSC, the Regional Forum for the development of local content in Pavlodar and meetings with national manufacturers organized by Samruk-Kazyna Contract LLP, the National Local Content Development Agency NADLOG JSC, and the National Chamber of Entrepreneurs of the Republic of Kazakhstan.

Information about agreements with national manufacturers

As customers, we are very interested in the manufacture of new domestic products and continue to sign long-term agreements with national manufacturers. This helps ensure stable demand for manufactured products and, therefore, creates conditions for long-term production investments.

1. Kentau Transformer Plant Joint-Stock Company: product supplies: disconnect switches, transformers, cutouts and cutout drives worth **201 million tenges.**
2. Asia Auto JSC: motor vehicles worth **91 million tenges.**
3. Kazenergokabel JSC: cable products worth **54 million tenges.**
4. KORUND LLP. products, such as spare parts for mechanical heat equipment, tank shells, sets of half couplings and heat exchange equipment worth **74 million tenges.**
5. Kaztsentrelectroprovod LLP. cables and wires, cabinets worth **22 million tenges.**
6. HighIndustrialLubricants&LiquidsCorporation (HILL) LLP. oil and lubricants worth **201 million tenges.**
7. Orika-Kazakhstan JSC: industrial explosives worth **432 million tenges.**
8. Reinforced Concrete Plant LLP. columns, foundation units, reinforced concrete elements worth **83 million tenges.**
9. Kagaz Shahary SEZ LLP. paper worth **32 million tenges.**
10. Zhana Semey Shpal Zauyty JSC: treated point sleepers worth **51 million tenges.**
11. Zapchast JSC: curb locomotive pads worth **45 million tenges.**
12. KAZELECTROMASH LLP. cables and wires worth **215 million tenges.**
13. KEMONT JSC: transformer substation worth **34 million tenges.**

Investment projects, and projects for expanding facilities and modernizing production implemented by Samruk-Energy JSC, as well as current capital expenditures must encourage national manufacturers to expand their list of manufactured products.

Procurement management

1 **Determining demand for material resources:** Demand for material resources is determined based on the Company's development plan, which is drawn up in accordance with requests of Company structural subdivisions given official and production needs.

2 **Supplier choice:** Supplier choice is determined according to the results of tenders and request for prices from one source according to the Procurement Rules of the Fund.

3 **Procurement process:** The procurement process at the Company is carried out according to the Rules for procuring goods, works and services of NWF Samruk-Kazyna JSC and organizations with fifty and more percentage of voting shares (interests) directly or indirectly owned by Samruk-Kazyna JSC or under fiduciary management approved by Decision No.80 of the Board of Directors of Samruk-Kazyna JSC dated May 26, 2012.

All procurements are recorded in the Electronic Procurement Information System on the website http://tender.sk.kz.

Indirect economic effect

The management staff and the Board of Directors of the Company pursue a specific goal – to create a stable company. The term "stable" also means efficient use of resources – both those of the Samruk-Energy Group of Companies and public ones.

For these purposes, certain enterprises implement integrated management systems, plants are technically re-equipped, and requirements for personnel and suppliers are toughened. A lot of attention is paid to economic aspects, such as projects related to corporate social responsibility, improvement of the environmental situation, and financed from operating profits of the Samruk-Energy Group of Companies.

Given the above, all the aspects of sustainable development are analyzed by the management staff to find their economic efficiency. For example, labor productivity, used raw materials (environmental impact) and other aspects are taken into account when planning activities of the Samruk-Energy Group of Companies. For instance, according to 2014 results, electricity generation output totaled 3 740 thousand kWh/person. The indicator is expected to rise to 6,298 thousand kWh/person by 2017 and to 7,280 thousand kWh/person by 2019.

The philosophy for sustainable development and efficiency extends to the aspects such as charity, which would probably not be considered from the economic and scientific perspective. However, the effect and scale of changes concerned are taken into account when determining priority social projects.

As a result, the Company ended 2014 with a good profit indicator (more detailed information is presented in financial statements and management report on the results of financial and economic activities posted on the Company website).

INTERACTION WITH SOCIETY

Interaction with interested parties

The Company considers its interested parties as a group of persons or organizations impacting Company operations or impacted by Company activities. The table below shows the main interested parties.

Interested parties	Issues	Interaction methods
Shareholders	• Performance efficiency; • Dividends; • Information transparency and disclosure.	• General meeting of shareholders; • Annual report; • Meetings and negotiations; • Website; • Correspondence and inquiries; • Exhibitions, forums and presentations.
Subsidiaries and affiliates	• Companies' profitability; • Reduction of harmful emissions; • Efficient use of water resources; • Use of advanced technologies.	• Meetings; • Website; • Procurement; • Non-financial reports; • Official visits; • Round-table meetings, summits.
Employees	• Companies' profitability; • Reduction of harmful emissions; • Efficient use of water resources; • Use of advanced technologies.	• Opinions and wishes transferred through department heads; • Website; • Questionnaires and website; • Media; • Meetings of the Board.
Government authorities	• Industry-specific development; • Social issues; • Tariffs.	• Participation in governmental working groups; • Interaction through industry-specific organizations; • Consultation with competent government authorities in the power sector
Consumers	• Satisfaction of growing demand for electricity and heat; • Quality of provided services; • Energy efficiency.	• Questionnaires and inquiries; • Media; • Website; • Non-financial report.
Banks and financial institutions	• Credit lines; • Bank accounts; • Cooperation in project implementation.	• Website; • Correspondence and inquiries; • Exhibitions, forums and presentations; • Financial reports.
Other affiliates	• Discrimination prevention; • Respect for human rights; • Stable occupations.	• Non-financial reports; • Website.
Competitors	• Increase in industry efficiency; • Support at peak loads.	• Interaction via industry-specific organizations.

Interested parties	Issues	Interaction methods
Society, including the media	• Contribution to socio-economic development of regions of operations; • Efficiency of mineral use; • Environmental protection.	• Website; • Non-financial reports; • Press releases; • Corporate events; • Press conferences
Suppliers	• Long-term cooperation; • Local content; • Reduction of harmful emissions.	• Signed agreements and memorandums.
Partners	• Equipment reliability; • Company's development plans; • Compliance with contractual obligations.	• Non-financial reports; • Official visits; • Business meetings; • Website; • Advertisements.

To interact with society and correspond to the principles of corporate social responsibility, the Samruk-Energy Group of Companies determined its priorities, according to which sponsorship and charitable assistance will be rendered.

The Company consolidated this in the Development Strategy and Strategy for Corporate Social Responsibility. Assistance criteria refer to the creation of new opportunities, which can be used by the maximum number of cities, towns and villages' residents, and the improvement of the population's standard of living.

The state pays special attention to a fair competition. The Agency for Protection of Competition and its regional offices regularly monitor the market in order to prevent collusion among manufacturers and unfair competition.

The Samruk-Energy Group of Companies is committed to conducting its business in accordance with international best practices. Increased market share and growing operating profit are achieved by implementing fair and competitive practices. In 2013, the Samruk-Energy Group of Companies no reported about impediment to competition from the supervisory authority.

Analysis of business units against corruption-related risks

As per Item 37 of the Action Plan for improving corporate governance in Samruk-Energy JSC approved by the decision of the Board of Directors dated March 28, 2013 (Minutes No. 71), a Counter Fraud and Corruption Policy was developed and approved in Samruk-Energy JSC (decision of the BoD of Samruk-Energy JSC dated September 09, 2013, Minutes No. 77).

The Policy was elaborated to form a uniform concept for the Company's employees and other persons about non-acceptance of fraud and corruption in any form and expression, and to minimize the risk of fraud and involvement of the Company in corruption.

The Policy sets guidelines for countering fraud and corruption and management basics for the prevention of fraud and corruption and their control, minimization and/or redress of fraudulent and corruption-related actions.

The Policy provisions are applied to the officers and employees of the Company and its subsidiaries, and to third parties – counterparties that work under contract (auditors, advisers, etc.).

In 2014, all employees of the Corporate Center and Company subsidiaries and affiliates were fully acquainted with the Counter Fraud and Corruption Policy.

Negative publications in the media about officials and workers of Samruk-Energy JSC, its subsidiaries and affiliates with respect to any fraud and corruption facts are regularly monitored.

At the end of 2014, no cases of frauds and corruption were reported in the Samruk-Energy Group of Companies.

PRODUCTION LIABILITY

User health and safety

In order to ensure technical regulation and improve user safety, GOST 13109-97 Electricity Quality Standards in General Power Supply Systems was developed, where the requirements for electricity quality are specified. This state standard is binding upon the Samruk-Energy Group of Companies.

Marking of products and services

The products of the Samruk-Energy Group of Companies are not marked.

Marketing communications

Due to the monopolistic or dominant status, marketing communications are economically inadvisable for the Samruk-Energy Group of Companies.

User privacy

The Samruk-Energy Group of Companies gives priority to the privacy and security of information about clients. For these purposes, each company of the Samruk-Energy Group has determined a range of employees authorized to access data of users and clients of the company.

Moreover, the client base is a strategic and trade secret for certain companies of the Samruk-Energy Group.

Information about the client database is disclosed to persons outside the Samruk-Energy Group of Companies as required by authorized agencies of the Republic of Kazakhstan only.

For the accounting period, there were no cases of loss of client data among the companies of Samruk-Energy Group.

Compliance with requirements

The Samruk-Energy Group of Companies performs its activities under existing legislation. The Legal Department enforces all norms of existing legislation. The Legal Department regularly monitors the current and newly effective laws and technical regulations on power, environment, occupational safety and product quality.

The Samruk-Energy Group of Companies commits to compliance with legislative norms and requirements. This is confirmed by the companies of the Samruk-Energy Group which are currently installing smoke filters, which will prevent a large portion of particulate emissions from entering the atmosphere.

These actions are governed by the technical regulation effective as of 2013 in order to reduce negative environmental effects.

Non-compliance with regulatory requirements and voluntary codes relating to the impact of products and services on health and safety

In the accounting period, no cases of non-compliance with requirements relating to the impact of products and services on health and safety were identified within the Samruk-Energy Group of Companies.

Non-compliance with regulatory requirements and voluntary codes relating to marketing communication

In 2013, the Samruk-Energy Group of Companies recorded no cases of non-compliance relating to product marketing and promotion.

Complaints relating to violation of user privacy

In the accounting period, no complaints relating to violation of user privacy and loss of user data were recorded within the Samruk-Energy Group of Companies.

10. EXTERNAL AUDIT OF ANNUAL FINANCIAL STATEMENTS

CRITERIA FOR SELECTING AN EXTERNAL AUDITOR

The main criteria for selecting an auditing firm are:

- Quality of services;
- Cost of services.

The quality of services of the auditing firm is determined as follows:

- qualifications held by the auditing specialists;
- work experience both in Kazakhstan and international markets;
- prompt provision of services;
- knowledge of power and coal-mining industries.

INFORMATION ABOUT THE AUDITING FIRM

Since 2012, the Company's external auditor has been the PricewaterhouseCoopers Company (hereinafter – PwC).

PwC provides auditing services and tax and consulting services aimed at increasing the business value of their clients.

PwC is a leading firm which renders services to transnational oil, gas and power companies. Integrating the products and resources into a uniform practice focused on this industry enables PwC to provide quality services and enhance the value of client activity. PwC attracts global resources for on-site work so that clients are able to take advantage of the knowledge and practice and introduce all this into daily activities.

More than 2,500 heat and power companies worldwide are listed as PwC clients for auditing

PWC GLOBAL AUDIT CLIENTS IN THE ENERGY SECTOR

- AGL Resources Inc.
- Allegheny Energy, Inc.
- Ameren Corporation
- American Water Works Company
- BG Group plc
- British Energy Plc
- Calpine Corporation
- Centrica plc
- China Power International Generation Company Limited
- CLP Holdings Limited
- CMS Energy Corporation
- Consolidated Edison Inc.
- Constellation Energy Group Inc.
- DTE Energy Corporation
- E.ON AG
- Edison International
- Enbridge Inc
- Energy Australia
- Exelon Corporation
- Federal Grid
- Huaneng Power International, Inc.
- Koc Holding A.S.
- N.V. Nuon
- National Fuel Gas Company
- National Grid plc
- NSTAR
- Pepco Holdings, Inc.
- Puget Energy, Inc.
- RusHydro
- RWE AG
- Southern Union Company
- Southwest Gas Corporation
- TECO Energy, Inc.

At present, personnel of PricewaterhouseCoopers in Kazakhstan consist of over 350 persons in Almaty and Astana and provide services to enviable number of national and international clients. Furthermore, the company actively operates in the Central Asian area: Baku (Azerbaijan), Erevan (Armenia), Tbilisi (Georgia), Bishkek (Kyrgyzstan), Tashkent (Uzbekistan), Ashkhabad (Turkmenistan) and Ulan-Bator (Mongolia). The company's growth has been accompanied by an increase in the number of its clients in all economic sectors, including the fuel and energy sector, financial services, consumer and industrial goods, telecommunications and services.

Over the last 19 years, PwC has been the leading supplier of auditing and consulting services in the Kazakh power sector. PwC works with the largest Kazakhstan coal-mining and power companies, which received, over the last few years and has been receiving today, auditing services with regard to financial statements prepared under IFRS. Some important PwC clients receiving auditing services in Kazakhstan are:

Company	Activity	Period
Samruk-Energy JSC	Holding company.	2008-2010, 2012
Alatau Zharyk Company JSC	Power transportation, technical distribution of power in Almaty and the Almaty Region	2010, 2012
Almaty Power Plants JSC	Electric and heat power generation in Almaty and the Almaty Region.	2010, 2012
AlmatyEnergoSbyt LLP	Sale of power in Almaty and the Almaty Region.	2008-2010, 2012
KazKuat JSC	Holding company which manages Shardarinsk HPP JSC and Moynak HPP JSC subsidiaries	2008
Shardarinsk HPP JSC	Power generation.	2007
Moynak HPP JSC	Development of hydroelectric power plants close to the Charyn River.	2008
Mangistau Distribution Power Grid Company JSC	Power transportation, technical distribution of power for oil and other companies, and sale of power to remote country districts in Mangistau Region.	2008-2010, 2012
Plant Ekibastuz SDPP-2 JSC	Electric and heat power generation based on coal extracted from Bogatyr and Severny coal strip mines.	2005-2009
Eurasian Energy Corporation JSC	Open coal mining in the Vostochny coal strip mine and power generation.	2005-2012
Bogatyr-Komir LLP	Open coal mining in Bogatyr and Severny coal strip mines.	2008-2010, 2012
Ust-Kamenogorsk HPP JSC	Generation, transfer and distribution of power in Ust-Kamenogorsk.	2006

The external auditor provides the following services to Samruk-Energy JSC:

1. Auditing consolidated and separate financial statements;
2. Audit of the implementation of the consolidated financial and management reporting

The KPMG network of companies provided auditing services in 2011

Fees paid to the audit firm for auditing services and separately for services not associated with audits of financial statements

Services	2013	2014
Audit	31,360,000.00 tenges, incl. VAT	31,704,960.00 tenges, incl. VAT
Consulting	81,386,160.00 tenges, incl. VAT	65,916,975.00 tenges, incl. VAT

Employment of the audit firm's personnel

Prior consent of the Audit Committee is required to prevent any conflicts of interest in case of planned appointment of an audit firm's employee having participated in the Company's obligatory audit as an audit firm's employee for two years preceding the date of his/her appointment (election) as a member of the Board, managing director or chief auditor.

CONCLUSIONS OF THE INDEPENDENT AUDITOR

According to the external auditor Pricewaterhouse-Coopers LLP, the consolidated financial statements reflect in all material respects the financial standing of Samruk-Energy JSC and its subsidiaries as of December 31, 2014, as well as its financial results and cash flows over the year, ending at the above date, pursuant to the International Financial Reporting Standards.

11. FINANCIAL STATEMENTS

The full version of the consolidated financial statement (with remarks) and the report of the independent auditor report were published in an interactive version of the annual report.

CONSOLIDATED STATEMENT OF FINANCIAL STATUS

In thousands KZT	December 31, 2014	December 31, 2013
ASSETS		
Long-term assets		
Fixed assets	710,404,916	235,145,703
Investment property	882,542	824,943
Intangible assets	2,052,308	1,332,626
Exploration assets	11,448,375	9,237,988
Investments in joint ventures and associated companies	78,896,702	242,883,017
Other long-term assets	18,665,204	30,723,532
Total long-term assets	**822,350,047**	**520,147,809**
Short-term assets		
Inventories	12,035,047	8,211,800
Primary activity receivables and other receivables	11,726,504	10,984,506
Other short-term assets	42,438,992	61,994,236
Income tax prepayment	1,281,982	1,320,560
Cash assets and their equivalents	20,592,055	15,241,998
Assets of disposal group classified as held for sale	43,984,770	343,557
Total short-term assets	**132,059,350**	**98,096,657**
TOTAL ASSETS	**954,409,397**	**618,244,466**

CONSOLIDATED STATEMENT OF FINANCIAL STATUS (CONTINUED)

In thousands KZT	December 31, 2014	December 31, 2013
CAPITAL		
Authorized capital	355,364,386	233,946,269
Other reserve capital	54,993,097	75,308,815
Undistributed profit	80,553,684	72,276,222
Capital due to shareholders of the Group	**490,911,167**	**381,531,306**
Share of non-monitoring shareholders	2,138,284	3,021,709
TOTAL CAPITAL	**493,049,451**	**384,553,015**
LIABILITIES		
Long-term liabilities		
Provision for recovery of ash-disposal areas	1,203,172	508,248
Liabilities on remuneration for employees	1,033,125	1,257,622
Loans	280,326,306	166,109,523
Other long-term liabilities	6,500,623	6,801,835
Liabilities on deferred income tax	77,289,181	10,093,806
Total long-term liabilities	**366,352,407**	**184,771,034**
Short-term liabilities		
Provision for recovery of ash-disposal areas	85,020	-
Loans	38,840,232	11,297,915
Liabilities on remuneration for employees	69,518	82,624
Provision for liabilities and costs	-	2,053,593
Primary activity liabilities and other liabilities	36,239,177	29,768,379
Taxes and other budget payments in arrears	1,309,377	1,540,131
Income tax payable	148,636	168,138
Liabilities of disposal group classified as held for sale	18,315,579	4,009,637
Total short-term liabilities	**95,007,539**	**48,920,417**
TOTAL LIABILITIES	**461,359,946**	**233,691,451**
TOTAL LIABILITIES AND CAPITAL	**954,409,397**	**618,244,466**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND TOTAL INCOME

In thousands KZT	2014	2013 (recalculated) *
PROFIT		
Proceeds	178,084,928	95,919,697
Cost of sales	(120,997,240)	(74,195,257)
Gross profit	**57,087,688**	**21,724,440**
Distribution costs	(2,415,531)	(104,948)
General and administrative costs	(11,287,412)	(8,142,058)
Share in income of joint ventures and associated companies	12,957,577	30,105,859
Goodwill depreciation	(75,875,134)	-
Financial income	8,665,287	3,284,112
Financial costs	(23,567,179)	(8,891,473)
Other income	58,628,812	2,594,937
Other costs	(3,869,049)	(200,114)
Before-tax profit	**20,325,059**	**40,370,755**
Income tax costs	(10,061,057)	(4,017,733)
Profit from continuing operations for the year	**10,264,002**	**36,353,022**
Loss from discontinued operations for the year	2,986,593	5,523,388
Total profit for the year	**13,250,595**	**41,876,410**
Other aggregate loss Items which later will not be reclassified into profits or losses Re-estimation of liabilities on remuneration upon completion of work activity	(152,764)	(162,072)
Total aggregate income for the period	**13,097,831**	**41,174,338**
Profit due to: Shareholders of the Group Non-monitoring shareholders	15,946,974 (2,696,379)	40,853,022 1,023,388
Profit for the period	13,250,595	41,876,410
Total aggregate income due to: Shareholders of the Group Non-monitoring shareholders	15,794,210 (2,696,379)	40,690,950 1,023,388
Total aggregate income for the period	**13,097,831**	**41,714,338**

* Comparative information has been restated to reflect the results of discontinued operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands KZT	Due to the Group's shareholders				Share – non-controlling share	Total capital
	Authorized capital	Other reserve capital	Retained profits	Total		
Balance as of December 31, 2013	**222,868,957**	**86,622,525**	**34,236,867**	**343,728,349**	**1,998,321**	**345,726,670**
Profit for the year	-	-	40,853,022	40,853,022	1,023,388	41,876,410
Other aggregate income	-	(162,072)	-	(162,072)	-	(162,072)
Total aggregate income	-	(162,072)	40,853,022	40,690,950	1,023,388	41,714,338
Equity issue	11,077,312	-	-	11,077,312	-	11,077,312
Result of transactions with shareholders and general reserves	-	(11,151,638)	-	(11,151,638)	-	(11,151,638)
Dividends	-	-	(2,813,667)	(2,813,667)	-	(2,813,667)
Balance as of December 31, 2013	**233,946,269**	**75,308,815**	**72,276,222**	**381,531,306**	**3,021,709**	**384,553,015**
Profit for the year	-	-	15,946,974	15,946,974	(2,696,379)	13,250,595
Other aggregate income	-	(152,764)	-	(152,764)	-	(152,764)
Total aggregate income	-	(152,764)	15,946,974	15,794,210	(2,696,379)	13,097,831
Equity issue	21,418,117	-	-	21,418,117	-	21,418,117
Acquisition of the share of non-controlling shareholders in Moynak HPP	-	(20,162,954)	-	(20,162,954)	1,812,954	(18,350,000)
Income from initial recognition of the loan from Samruk-Kazyna	-	18,922,380	-	18,922,380	-	18,922,380
Cancellation of income from initial recognition of the loan from Samruk-Kazyna	100,000,000	(18,922,380)	501,093	81,578,713	-	81,578,713
Dividends	-	-	(8,170,605)	(8,170,605)		(8,170,605)
Balance as of December 31, 2014	**355,364,386**	**54,993,097**	**80,553,684**	**490,911,167**	**2,138,284**	**493,049,451**

* - Comparative information has been restated to reflect the results of discontinued operations (Note 30)

CONSOLIDATED CASH FLOW STATEMENT

In thousands KZT	2014	2013
Cash flow from operating activity		
Before-tax profit from continuing operations	20,325,059	40,370,755
Before-tax loss from discontinued operations	3,980,433	7,127,880
Adjustments for:		
Depreciation and amortization	28,623,006	10,601,853
Losses from asset sales	-	121,225
Recovery of primary activity receivables and other receivables	57,371	(460,743)
Provision / (Recovery) for inventory price decline	862,654	(278,564)
Income amortization for additional capacities	(379,358)	(438,723)
Current service costs and actuarial losses on remuneration for employees	(27,840)	(314,619)
Financial costs	23,567,179	8,891,473
Financial incomes	(8,665,287)	(3,284,112)
Share in incomes of joint ventures and associated companies	(12,957,577)	(30,105,859)
Income from revaluation of the previously held interest	(56,682,576)	-
Goodwill depreciation	75,875,134	-
Income from donated property	(131,000)	(238,000)
Devaluation of fixed assets	2,785,109	-
Other adjustments	(88,506)	(167,455)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

In thousands KZT	2014	2013
Cash flow from operating activity before changes in floating capital	**77,143,801**	**32,454,349**
(Decrease) / Increase in primary activity receivables and other receivables and other short-term assets Increase in inventories	1,242,296	(3,647,701)
Decrease in primary activity liabilities and other liabilities	(2,018,647)	(3,928,507)
Decrease in liabilities on remuneration for employees	(14,676)	(123,507)
(Decrease) / Increase in income tax payable	(126,510)	235,063
Cash assets from operating activity	**75,289,815**	**22,877,928**
Income tax paid	(4,578,919)	(653,294)
Interests paid	(20,679,561)	(5,246,529)
Dividends received	5,771,472	6,328,126
Net cash from operating activity	**55,802,807**	**23,306,231**
Net cash from operating discontinued activity	**4,870,923**	**6,657,225**
Cash flow from financial activity		
Proceeds from equity issue	21,418,117	-
Proceeds from bond issue	-	2,956,595
Proceeds from loans	230,629,717	17,720,263
Repayment of loans	(11,708,286)	(16,631,663)
Redemption of bonds	(10,030,112)	-
Dividends paid to shareholders	(8,170,605)	(2,813,667)
Dividends paid to share of non-monitoring shareholders	(121,094)	(356,069)
Repayment of loans from consumers	(616,518)	(1,205,008)

In thousands KZT	2014	2013
Other payments from shareholders	-	(3,991,200)
Other		14,808
Net cash received / (used) from financial activity	**221,401,219**	**(4,305,941)**
Net cash received / (used) from financial discontinued activity	**2,554,153**	**2,554,153**
Impact of changes in exchange rate on cash assets and their equivalents	17,150,531	1,124,402
Net increase / (decrease) in cash assets from continuing activity	**5,592,864**	**(77,169,092)**
Net increase / (decrease) in cash assets from discontinued activity	**823,305**	**(2,387,820)**
Cash assets at the beginning of year	15,241,998	94,991,109
Cash assets at the end of year	**20,592,055**	**15,241,998**
Cash assets at the end of year (of discontinued activity)	**1,066,112**	**192,199**

12. ANNEX

ANNEX 1.

ACRONYMS

AZhC	Alatau Zharyk Company JSC
APP	Almaty Power Plants JSC
JSC	Joint-Stock Company
Benchmarking	Method of analysis used by Samruk-Energy JSC to compare its activity to other companies in order to make specific changes which contribute to enhancing its competitiveness
RES	Renewable Energy Sources
WTO	World Trade Organization
WF	Wind farm
SP FIID	State Program of Forced Industrial-Innovative Development of the Republic of Kazakhstan
Samruk-Energy Group of Companies	Samruk-Energy JSC, its subsidiaries and associates and jointly controlled entities
SDPP	State district power plant
GTPP	Gas turbine power plant
HPP	Hydraulic power plant
SC	Subsidiary companies
DHRM	Department of Human Resource Management of the Company
KUES	Kazakhstan Unified Energy System
ZSDPP	Zhambyl SDPP named after T. Baturov JSC
IMS	Integrated management system
KIES	Kazakhstan intellectual energy system
KPI	Key performance indicators, measures which describe a certain level of operating efficiency of the Company and enable to assess the performance of the Company as a whole and its key personnel
CMS	Corporate management system
PTL	Power transmission line
RK MINT	Republic of Kazakhstan Ministry of Industry and New Technologies
MS	Minimum salary
Company	Samruk-Energy JSC Holding Company registered in Kazakhstan manages subsidiaries and associates
UN	United Nations
MPE	Maximum permissible emissions
MPE	Maximum permissible discharges

Procurement Plan	Document executed according to set forms. It reflects a planned procurement of fee-paying goods, works and services by the Company, which are required for the operation and execution of charter-related activity
Development Plan indicators	Indicators which describe production and operating and financial activities. Indicators have quantitative meaning to be approved as part of the Development Plan and which meet the results of operations over accounting and planning periods
FSR	Fire safety regulations
SR	Safety regulations
LTA	Loading and transportation administration
OMR	Operating and maintenance rules
PCB	Polychlorinated biphenyl
Risk	Exposure to uncertainty related to events or actions which can affect the achievement of set goals and tasks
RK	Republic of Kazakhstan
RF, Russia	Russian Federation
CIS	Commonwealth of Independent States
Strategy	Long-term Development Strategy of Samruk-Energy JSC
Company organization departments	Company subdivisions responsible for certain activity and which are reflected in the Company's organizational structure (departments, services)
PIT SEZ	Park of Information Technologies Special Economic Zone
SPP	Solar power plant
LLP	Limited Liability Partnership
AES LLP	AlmatyEnergoSbyt LLP
TPP	Thermal power plant
CHP	Combined heat and power
Fund	National Welfare Fund Samruk-Kazyna Joint-Stock Company
ESDPP-1	Ekibastuz SDPP-1 named after Bulat Nurzhanov LLP
ESDPP-2	Ekibastuz SDPP-2 Station JSC
EP	Energy provider
CO_2	Carbon dioxide
POP	Persistent organic pollutants
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EBITDA margin	Calculated as EBITDA / operating income
GRI	Global reporting initiative

ISO	International Organization for Standardization
KEGOC	KEGOC JSC (Kazakhstan Electricity Grid Operating Company)
SWOT	Analysis of the positive and negative effects of external and internal environment factors

Units of Measure

GWh	gigawatt per hour
GJ	gigajoule
Gcal	gigacalorie
kV	kilovolt
kWh	kilowatt per hour
km	kilometer
m	meter
m³	cubic meter
MVA	megavolt-ampere
MW	megawatt
mn	million
thous	thousand
%	percent
UoM	Units of measure

ANNEX 2.

CORRESPONDENCE TABLE OF GRI MANAGEMENT REPORT

GRI	Indicator name	Indicator disclosure	Page
	Strategy and analysis		
1.1	Application from the most senior decision maker within the organization	+	4–7
1.2	Feature of key impacts, risks and opportunities	+	104–105
2.1	Name of organization	+	10
2.2	Main brands, types of products and/or services	+	11
2.3	Functional structure of the organization, including major units, operating companies, subsidiaries and joint ventures	+	17, 86–87
2.4	Location of the organization's headquarters	+	10
2.5	Number of countries where the organization performs its activities, and name of countries wheremain business is conducted or which are of great importance in terms of sustainable development issues covered by the report	+	11
2.6	Nature of ownership and form of incorporation	+	10
2.7	Markets where the organization operates (including geographic breakdown, sectors to beserved and categories of users and beneficiaries)	+	25
2.8	Scale of organization	+	11
2.9	Major changes in the scales, structure or ownership occurring in the accounting period	+	20–21
2.10	Awards obtained in the accounting period	+	22
3.1	Accounting period to which the furnished information refers	+	2
3.2	Date of issue of the last report from the previous ones (if any issued)	Not applicable	2
3.3	Reporting cycle	+	2
3.4	Contact information for questions related to a report or its content	+	164
3.5	Procedure for defining report content	+	3

GRI	Indicator name	Indicator disclosure	Page
3.6	Report limits (i.e. countries, subdivisions, subsidiaries, leased capacities, joint ventures,suppliers)	+	3
3.7	Restrictions of the report scope or limits	+	3
3.8	Grounds to include the following data into the report: data on joint ventures, subsidiaries, lease of plants, transfer of a part of functions to external contractors and other organizational entities which can have a significant impact on consistency with previous reports and/or other organizations	+	3
3.9	Methods of data and calculation measurement, including assumptions and techniques applied to prepare the Indicators and other information included in the report	+	3
3.10	Description of the meaning of any re-statements of information given in previous reports and grounds for such re-statements (i.e., merger / takeover, change in reporting periods, nature of business, assessment method)	Not applicable	
3.11	Major changes in previous reporting periods in terms of scope, limits or measurement methods applied in the report		3
3.12	Table indicating a location of Standard elements in the report	+	160–163
3.13	Policy and applied practical approaches with regard to external confirmation of the report	+	3
4.1	Organization management structure, including the main committees comprising the highest governing authority and responsible for particular tasks, for example, development of a strategy or general supervision of organization activity	+	73
4.2	Please indicate whether a chairman of the highest governing authority simultaneously acts as an executive manager of the company	+	81
4.3	For organizations which have a unitary Board of Directors, please indicate the number of independent members of the highest governing authority and/or of members which do not belong to the executive management of the company	+	81
4.4	Mechanisms which help the shareholders or employees of the organizations to coordinate activity of the highest governing authority or give recommendations	+	99
4.5	Relation between payments to members of the highest governing authority, representatives of top management and senior managers (including termination allowances) and performance of the organization (including social and environmental results)	+	94–95
4.6	Operating processes applied in the highest governing authority designed to avoid conflicts of interest	+	101
4.7	Procedures for the evaluation of qualification and competence of members of the highest governing authority to determine a strategy for arranging economic, environmental and social topics [sustainable development]	+	79, 94
4.8	In-house developed statements on mission or values, Corporate Codes of Conduct and guidelines relevant in terms of economic, environmental and social effectiveness, and the degree of their implementation	+	99
4.9	Procedures applied by the highest governing authority to supervise how the organization assesses its economic, environmental and social effectiveness and manages it, including the risks, opportunities and observance or conformity to international standards, Corporate Codes of Conduct and guidelines	+	95–95
4.10	Procedures for self-assessment of productivity by the highest governing authority, particularly with regard to economic, environmental and social performance of the organization	+	94–95
4.11	Explanation whether the organization applies a precautionary principle, and how	+	100
4.12	Economical, environmental and social charters, principles or other initiatives which the organization joined or which supports developed by external parties	+	100
4.13	Membership in associations (for example, industry) and/or national and internationalorganizations on protection of interests	+	100
4.14	List of the concerned parties with which the organization cooperated	+	142–143
4.15	Grounds for identification and selection of concerned parties intended for cooperation in the future	+	142–143
4.16	Approaches to cooperation with concerned parties, including frequency of cooperation by forms and concerned stakeholder groups	+	142–143

GRI	Indicator name	Indicator disclosure	Page
4.17	Key topics and interests raised or identified during cooperation with the stakeholders, and how the organization responded to these topics and interests, including through its reporting	+	142–143
EC	Management approach	+	51
EC1	Created and distributed direct economic value, including income, operating costs, paymentsto the employees, subsidies and other investments in communities, undistributed profits,payments to the suppliers of capital and states	+	51–59
EC5	Range of relations of standard initial level salary and fixed minimum salary in essential areasof the organization's activity	+	125
EC6	Policy, practical approaches to purchase from local suppliers and the share of such purchasesin essential areas of the organization's activity	+	137–139
EC7	Procedures for recruitment of local population and the share of top managers employed fromlocal population in essential areas of the organization's activity	+	117
EC8	Development and influence of investments in infrastructure and services rendered, primarilyfor the public good through business, natural or beneficent participation	+	68, 135–137
EC9	Understanding and description of essential indirect economical impacts, including the area ofimpact	+	141
EN	Management approach	+	109
EN1	Used materials with specification of mass or volume	+	109–110
EN3	Direct use of energy with specification of prime sources	+	110
EN5	Energy saved due to reduced power consumption and increased energy efficiency	+	110
EN8	Total derived water by sources	+	111
EN10	Share and total volume of multiuse and reused water	+	111
EN11	Location and area of lands owned, leased, headed by the organization, and located in a conservation area and areas with high biodiversity value outside or adjacent to such areas	+	112
EN20	Atmospheric emissions of NOx, SOx and other significant pollutants with specification of type and mass	+	113
EN21	Total volume of discharges with specification of the quality of waste water and receiving water body	+	111
LA	Management approach	+	117
LA1	Total labor force by employment type, labor contract and region	+	118–119
LA2	Total employees and turnover of employees by age group, sex and region	+	118–119
LA3	Payments and preferences provided for full-time employees, which are not provided for temporary or part-time employees by primary activity	+	127
LA4	Share of employees covered by labor contracts	+	129
LA5	Minimum period(s) of notification on considerable changes in activity of the operation and whether it is determined in a labor contract	+	128
LA7	Accident frequency rate, occupational disease rate, lost day and absence factors and total work-related fatal cases by regions	+	132
LA8	Existing programs of education, training, program consulting, risk prevention and control to assist the employees, their family members and population representatives with regard to severe diseases	+	120–121

GRI	Indicator name	Indicator disclosure	Page
LA10	Average training hours per one employee per annum by employee categories	+	122
LA12	Share of employees whose performance and career development are assessed regularly	+	122
LA13	Composition of the governing authorities and personnel of the organization by sex and age group with specification of minority representatives and other diversity index	+	120
HR	Management approach	+	126
HR4	Total cases of discrimination and undertaken actions	+	129
HR5	Activity under which the rights to freedom of association and collective negotiation can be at substantial risk, and actions undertaken to maintain these rights	+	129
HR6	Activity under which there is a substantial risk of the child employment, and actions undertaken to liquidate child labor	+	129–133
HR7	Activity under which there is a substantial risk of forced or compulsory labor, and actions undertaken to liquidate forced or compulsory labor	+	129–133
HR9	Total violations which affect the rights of indigenous people and minorities, and actions undertaken	+	129–133
SO	Management approach	+	142–143
SO2	Share and total business units analyzed against corruption-related risks	+	143
PR	Management approach	+	144
PR2	Total non-compliances with regulatory requirements and voluntary codes relating to the impact of products and services on health and safety by types of consequences	+	144
PR7	Total non-compliances with regulatory requirements and voluntary codes relating to marketing communication, including advertising, product promotion and sponsorship by types of consequences	+	144
PR8	Total reasonable complaints concerning violations of user privacy and loss of consumer data	+	144
EU1	Rated capacity by types of energy resources and control mode	+	36
EU2	Net produced capacity types of energy resources and control mode	+	36
EU3	Number of client accounts of domestic, business, institutional and commercial users	+	37
EU4	Length of aboveground and underground power lines and distribution lines by each control mode	+	37
EU16	Policy and requirements on health and safety of the employees of contractors and subcontractors	+	134
EU18	Share of employees of contractors and subcontractors trained on occupational safety and health	+	134
EU21	Emergency planning, action plan and training programs in case of natural disasters / emergencies and recovery work plans	+	133
EU25	Quantity of injuries and fatal cases among the population with participation of the Company assets, including judicial decisions, settlements and pending legal proceedings relating to diseases	+	132

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