

JSC National Atomic Company Kazatomprom

**International Financial Reporting Standards
Separate Financial Statements and
Independent Auditor's Report**

31 December 2016

JSC NATIONAL ATOMIC COMPANY KAZATOMPROM

Content

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Shareholder and the Board of Directors of National Atomic Company Kazatomprom JSC

Our opinion

In our opinion, the separate financial statements (the "financial statements") present fairly, in all material respects, the financial position of National Atomic Company Kazatomprom JSC (the "Company") as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the separate statement of financial position as at 31 December 2016;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Almaty, Kazakhstan
27 February 2017

Approved:

Dana Inkarbekov
Managing Director
PricewaterhouseCoopers LLP
(General State Licence from the Ministry of Finance
of the Republic of Kazakhstan
№0000005 of 21 October 1999)



Signed:

Azamat Konratbaev
Audit Partner
(The Association of Chartered Certified Accountants
Certificate №00770863 of 8 May 2003)

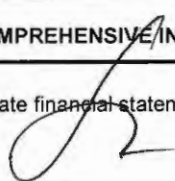
Signed:

Svetlana Belokurova
Auditor in charge
(Qualified Auditor's Certificate №0000357
dated 21 February 1998)

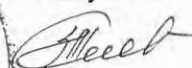
JSC NATIONAL ATOMIC COMPANY KAZATOMPROM
Separate Statement of Profit or Loss and Other Comprehensive Income

<i>In millions of Kazakhstani Tenge</i>	Note	2016	2015
Revenue	8	265,896	259,458
Cost of sales	9	(192,843)	(185,548)
Gross profit		73,053	73,910
Distribution expenses	10	(4,097)	(1,915)
General and administrative expenses	11	(15,275)	(19,588)
Reversal of impairment of assets		219	1,402
Impairment losses	12	(23,937)	(40,965)
Net foreign exchange gain/(loss)	14	2,381	(40,141)
Other income	13	621	599
Other expenses	14	(21,274)	(3,421)
Finance income	16	89,689	67,608
Finance costs	16	(8,217)	(6,533)
Profit before tax		93,163	30,956
Income tax expense	17	(13,137)	(7,625)
PROFIT FOR THE YEAR		80,026	23,331
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of post-employment benefit obligations		26	(24)
Other comprehensive income for the year		26	(24)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		80,052	23,307

These separate financial statements were approved by management on 27 February 2017:


A.K. Zhmagaliyev
Chairman of the Management Board



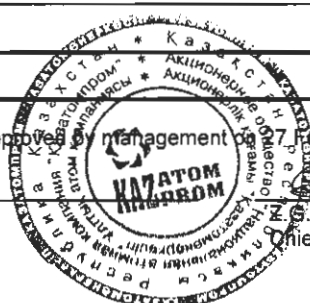

Z.G. Kaliyeva
Chief Accountant

JSC NATIONAL ATOMIC COMPANY KAZATOMPROM
Separate Statement of Financial Position

<i>In millions of Kazakhstani Tenge</i>	Note	31 December 2016	31 December 2015
ASSETS			
Non-current assets			
Intangible assets	18	841	784
Property, plant and equipment	19	6,939	7,767
Mine development assets	20	35,279	32,804
Mineral rights	21	2,038	1,796
Exploration and evaluation assets	22	3,374	6,686
Investments in subsidiaries	23	92,799	103,194
Investments in associates	24	21,488	24,019
Investments in joint ventures	25	33,883	29,895
Other investments	26	67,039	67,039
Deferred tax assets	17	2,550	920
Loans to related parties	30	19,151	32,343
Other non-current assets	28	8,855	8,141
		294,236	315,388
Current assets			
Accounts receivable	27	46,811	88,997
Prepaid income tax		5,260	-
VAT recoverable		18,596	24,365
Inventories	29	91,381	69,028
Term deposits		44,199	-
Loans to related parties	30	-	1,374
Cash and cash equivalents	31	52,797	37,367
Other current assets	28	6,849	8,460
		265,893	229,591
Assets of disposal groups classified as held for sale		1,284	16
		267,177	229,607
TOTAL ASSETS		561,413	544,995
EQUITY			
Share capital	32	36,785	36,692
Foreign currency translation reserve		(1,599)	(1,599)
Retained earnings		341,913	273,892
TOTAL EQUITY		377,099	308,985
LIABILITIES			
Non-current liabilities			
Loans and borrowings	33	54,624	93,164
Provisions	34	12,163	12,708
Accounts payable	35	574	585
Employee benefits		188	199
Other liabilities	36	3,097	6,205
		70,646	112,861
Current liabilities			
Loans and borrowings	33	37,503	38,190
Accounts payable	35	52,856	78,443
Other tax and compulsory payments liabilities		3,309	2,487
Employee benefits		24	20
Income tax liabilities		32	845
Other liabilities	36	19,944	3,164
		113,668	123,149
TOTAL LIABILITIES		184,314	236,010
TOTAL EQUITY AND LIABILITIES		561,413	544,995

These separate financial statements were approved by the Management Board on 17 February 2017:

A.K. Zhumagaliyev
Chairman of the Management Board



Z.G. Kaliyeva
Chief Accountant

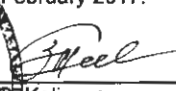
JSC NATIONAL ATOMIC COMPANY KAZATOMPROM
Separate Statement of Cash Flows

<i>In millions of Kazakhstani Tenge</i>	2016	2015
OPERATING ACTIVITIES		
Cash receipts from customers	340,294	253,471
Interest received	6,095	2,198
Payments to suppliers	(271,058)	(216,507)
Payments to employees	(4,576)	(3,097)
Cash flows from operating activities	70,755	36,065
Income tax paid	(21,930)	(577)
Interest paid	(3,210)	(4,732)
Cash flows from operating activities	45,615	30,756
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,459)	(2,129)
Proceeds from disposal of property, plant and equipment	7	434
Proceeds from disposal of investment in joint ventures	24	-
Advances paid for property, plant and equipment	(5,768)	-
Acquisition of intangible assets	(378)	(7)
Acquisition of mine development assets	(9,899)	(8,561)
Acquisition of exploration and evaluation assets	(1,641)	(759)
Placement of term deposits	(44,871)	(3,725)
Redemption of term deposits	-	2,935
Acquisition of investments in subsidiaries	(5,545)	(9,663)
Acquisition of investments in associates and joint ventures	(1,287)	(2,046)
Dividends received from subsidiaries	3,695	1,444
Dividends received from associates and other investments	78,462	42,866
Loans given	(316)	-
Settlement of loans given	12,787	1,211
Other	363	48
Cash flows from investing activities	24,174	22,048
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	-	120,856
Repayment of loans and borrowings	(38,146)	(164,033)
Dividends paid to the shareholder (Note 32)	(12,031)	(2,323)
Other	(650)	-
Cash flows used in financing activities	(50,827)	(45,500)
Net increase in cash and cash equivalents	18,962	7,304
Cash and cash equivalents at the beginning of the year	37,367	15,261
Effect of exchange rate fluctuations on cash and cash equivalents	(3,532)	14,802
Cash and cash equivalents at the end of the year (Note 31)	52,797	37,367

These separate financial statements were approved by management on February 2017:


A.K. Zhumagaliyev
Chairman of the Management Board

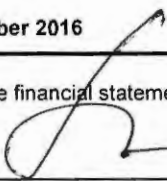



G. Kaliyeva
Chief Accountant

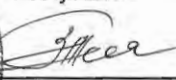
JSC NATIONAL ATOMIC COMPANY KAZATOMPROM
Separate Statement of Changes in Equity

<i>In millions of Kazakhstani Tenge</i>	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
At 1 January 2015	36,692	(1,599)	253,558	288,651
Profit for the year	-	-	23,331	23,331
Remeasurements of post-employment benefit obligations	-	-	(24)	(24)
Total comprehensive income for the year	-	-	23,307	23,307
Dividends declared	-	-	(2,323)	(2,323)
Other transactions with owners	-	-	(650)	(650)
At 31 December 2015	36,692	(1,599)	273,892	308,985
Profit for the year	-	-	80,026	80,026
Remeasurements of post-employment benefit obligations	-	-	26	26
Total comprehensive income for the year	-	-	80,052	80,052
Contribution to share capital	93	-	-	93
Dividends declared	-	-	(12,031)	(12,031)
At 31 December 2016	36,785	(1,599)	341,913	377,099

These separate financial statements were approved by management on 27 February 2017:


A.K. Zhumagaliyev
Chairman of the Management Board




Z.G. Kaliyeva
Chief Accountant

1. Kazatomprom Group and its Operations

These separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2016 for JSC National Atomic Company Kazatomprom (the "Company").

The Company is a joint stock company set up in accordance with regulations of the Republic of Kazakhstan. The Company was established pursuant to the Decree of the President of the Republic of Kazakhstan on the establishment of National Atomic Company Kazatomprom No. 3593, dated 14 July 1997, and the Decree of the Government of the Republic of Kazakhstan National Atomic Company Kazatomprom Issues No. 1148 dated 22 July 1997 as a closed joint stock company with a 100% Government shareholding. Currently, 100% of the Company's shares are held by the National Welfare Fund Samruk-Kazyna (hereinafter "Samruk-Kazyna JSC" or the "Parent"). The Company's registered address is 10 Kunayev Street, Astana, Republic of Kazakhstan. The principal place of business is the Republic of Kazakhstan.

The Company's principal activities are production of uranium and sale of uranium products. The Company is one of leading uranium producing companies of the world. Besides, JSC NAC Kazatomprom subsidiaries are involved in mining of rare and rare-earth metals; manufacture and sale of beryllium and tantalum products; development of high technologies; power supply and renewable energy.

JSC NAC Kazatomprom is an entity representing interests of the Republic of Kazakhstan at the initial stages of the nuclear fuel cycle. The Company is a participant of a number of associates and joint ventures which generate significant portion of its current and prospective sources of revenue (Notes 24 and 25). The development strategy of the Company is to retain leading positions in the global uranium market as well as diversification of the Company operations into all stages of a front-end nuclear fuel cycle and related high technology production.

As at 31 December 2016 the Company was a party to the following contracts on production and exploration of uranium:

Mine/area	Stage	Contract date	Contract term	Subsurface user	Service company
Kanzhugan	Production	27.11.1996	25 years	Company	Kazatomprom-SaUran LLP
Uvanas	Production	27.11.1996	25 years	Company	Kazatomprom-SaUran LLP
Mynkuduk, East lot	Production	27.11.1996	25 years	Company	Kazatomprom-SaUran LLP
Moinkum, lot 1 (South) (south part)	Production	26.09.2000	20 years	Company	Kazatomprom-SaUran LLP
Mynkuduk, Central lot	Production	08.07.2005	28 years	Company	DP Ortalyk LLP
North and South Karamurun	Production	27.11.1996	28 years	Company	RU-6 LLP
Moinkum, lot 3 (Central) (north part)*	Exploration and production	31.05.2010	29 years	Company	Kazatomprom-SaUran LLP
Zhalpak	Exploration	31.05.2010	8 years	Company	Kazatomprom-SaUran LLP
Budenovskoe	Exploration	14.10.2015	6 years	Company	-

As at 31 December 2016 JSC NAC Kazatomprom group comprises more than 40 (2015: 70) entities located in 6 regions of Kazakhstan: South Kazakhstan region, East Kazakhstan region, Kyzylorda region, Mangistau region, Akmola region and Almaty region. As at 31 December 2016 the aggregate number of the Company's employees is equal to 343 (2015: 383 thousand) people.

2. Operating Environment of the Company

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas and other commodities, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets.

Weakened prices on oil and other commodities and volatility of exchange rates have caused and may continue to cause negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity.

On 20 August 2015 the National Bank and the Government of the Republic of Kazakhstan made a resolution about discontinuation of supporting the exchange rate of Tenge and implementation of new monetary policy, which is based on inflation targeting regime, cancellation of exchange rate trading band and transition to a free floating exchange rate. As the result, during the period of August-December 2015 the exchange rate of Tenge has varied from 187 to 350 Tenge per 1 US Dollar. As at the date of this report the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 311.49 per USD 1, compared to Tenge 333.29 per USD 1 as at 31 December 2016 (31 December 2015: Tenge 339.47 per USD 1). Therefore, uncertainty exists in relation to exchange rate of Tenge and future action of National Bank and the Government of the Republic of Kazakhstan and the impact of these factors on the economy of the Republic of Kazakhstan.

In 2016 due to lowered oil price assumptions for mid-term future and given Kazakhstan's economy depends heavily on the oil sector, the agencies downgraded Kazakhstan's sovereign credit ratings, with outlook on the long-term ratings being negative. The negative outlook reflects agencies' view of risks to Kazakhstan's external and monetary profiles under the current weak and volatile global commodity environment.

In 2016, due to weakened oil price assumptions for mid-term future and given Kazakhstan's economy depends heavily on the oil sector, the agencies started downgrading Kazakhstan's sovereign credit ratings, with outlook on the long-term ratings being negative. The negative outlook reflects agencies' view of risks to Kazakhstan's external and monetary profiles under the current weak and volatile global commodity environment.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. This operating environment has a significant impact on the Company's operations. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

Additionally, the mining sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations (Note 37). The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, controlling and political developments, which are beyond the Company's control. Management has assessed the potential impairment of long-term assets of the Company, taking into account the current economic situation and its prospects (Note 4). Future economic situation and regulatory environment may differ from current expectations of management.

3. Summary of Significant Accounting Policies

Basis of preparation

These separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (Note 5).

These separate financial statements were issued in addition to the consolidated financial statements of the Company and its subsidiaries (hereinafter "the Group") in accordance with the statutory requirements of regulations. In the consolidated financial statements operations of subsidiaries (defined as investees, including structured entities, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns) are fully consolidated. The consolidated financial statements also include results of joint ventures and associates accounted for under equity method.

The consolidated financial statements have been authorised for issue on behalf of management on 27 February 2017. These separate financial statements shall be read by users in conjunction with the consolidated financial statements as at and for the year ended 31 December 2016, for the purpose of obtaining complete information in financial position, results of operations and changes in financial position of the Company as a whole.

3. Summary of Significant Accounting Policies (Continued)

Presentation currency

These separate financial statements are presented in millions of Kazakhstani Tenge ("Tenge"), unless otherwise stated.

Investments in subsidiaries, joint ventures and associates

For the purposes of accounting for such investments in these separate financial statements the Company used historical cost method less impairment provision.

Financial instruments

(i) Key measurement terms

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

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by, delivery of such unquoted equity instruments.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

3. Summary of Significant Accounting Policies (Continued)

(ii) Classification of financial assets

Financial assets have the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss have two sub-categories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading.

Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Company does not apply hedge accounting.

Certain derivative instruments embedded in other financial instruments are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Company intends to sell in the near term.

All other financial assets are included in the available-for-sale category.

(iii) Classification of financial liabilities

Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost.

(iv) Initial recognition of financial instruments

All financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Company commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

The Company uses discounted cash flow valuation techniques to determine the fair value of loans to related parties that are not traded in an active market. Differences may arise between the fair value at initial recognition, which is considered to be the transaction price, and the amount determined at initial recognition using a valuation technique. Any such differences are amortised on a straight line basis over the term of the loans to related parties.

(v) Derecognition of financial assets

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

(vi) Available-for-sale investments

Available-for-sale investments are carried at fair value. Interest income on available-for-sale debt securities is calculated using the effective interest method and recognised in profit or loss for the year as finance income. Dividends on available-for-sale equity instruments are recognised in profit or loss for the year as finance income when the Company's right to receive payment is established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognised in other comprehensive income until the investment is derecognised or impaired at which time the cumulative gain or loss is reclassified from other comprehensive income to finance income in profit or loss for the year. If management cannot reliably estimate fair value of its available-for-sale investments in shares the investments are carried at cost.

3. Summary of Significant Accounting Policies (Continued)

Impairment losses are recognised in profit or loss for the year when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of available-for-sale investments. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is reclassified from other comprehensive income to finance costs in profit or loss for the year. Impairment losses on equity instruments are not reversed and any subsequent gains are recognised in other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through current period's profit or loss.

(vii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Property, plant and equipment

(i) Recognition and measurement of property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment.

Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. The individual significant parts of an item of property, plant and equipment (components), whose useful lives are different from the useful life of the given asset as a whole are depreciated individually, applying depreciation rates reflecting their anticipated useful lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Specialised spare parts and servicing equipment with a significant initial value and a useful life of more than one year are recognised as an item of property, plant and equipment. Other spare parts and servicing-related equipment are recognised as inventories and accounted for in profit and loss for the year as retired.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

(ii) Depreciation

Land is not depreciated. Depreciation of items within buildings category that are used in extraction of uranium and its preliminary processing is charged on a unit-of-production method in respect of items for which this basis best reflects the pattern of consumption. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	<u>Useful lives in years</u>
Buildings	10 to 50
Machinery and equipment	3 to 50
Vehicles	3 to 10
Other	3 to 20

Each item's estimated useful life depends on its own useful life limitations and/or term of a subsurface use contract and the present assessment of economically recoverable reserves of the mine property at which the item is located.

The residual value of an asset is the estimated amount that the Company would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3. Summary of Significant Accounting Policies (Continued)

Mine development assets

Mine development assets are stated at cost, less accumulated depreciation and provision for impairment, where required. Mine development assets comprise the capitalised costs of pump-in and pump-out well drilling, main external tying of the well with surface piping, equipment, measuring instruments, ion-exchange resin, estimated site restoration and other development costs. Mine development assets are amortised at the mine or block level using the unit-of-production method. Unit-of-production rates are based on proved reserves estimated to be recovered from mines (blocks) using existing facilities and operating methods. The estimate of proved reserves is based on reserve reports which are integral part of each subsoil use agreement. These reserve reports are incorporated into feasibility models which are approved by the government and detail the total proven reserves and estimated scheduled extraction by year.

Intangible assets

(i) Recognition and measurement of intangible assets

The Company's intangible assets other than goodwill have definite useful lives and primarily include capitalised production technology development costs, computer software, patents, and licences. Acquired computer software licences and patents are initially measured at costs incurred to acquire and bring them to use.

(ii) Amortisation of intangible assets

Intangible assets are amortised using the straight-line method over their useful lives:

	<u>Useful lives in years</u>
Licences and patents	3 to 20
Software	1 to 14
Other	2 to 15

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

(iii) Research and development costs

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit.

Mineral rights

Mineral rights are stated at cost, less accumulated depreciation and provision for impairment, where required. The capitalised cost of acquisition of mineral rights comprises subscription bonus, commercial discovery bonus, the cost of subsurface use rights and capitalised historical costs. The Company is obliged to reimburse historical costs incurred by the government in respect of licensing areas prior to licence being issued. These historical costs are recognised as part of the acquisition cost with a corresponding liability equal to the present value of payments made during the licence period.

Mineral rights are amortised using unit-of-production method based upon proved reserves commencing when uranium first starts to be extracted.

The estimate of proved reserves is based on reserve reports which are integral part of each subsoil use agreement. These reserve reports are incorporated into feasibility models which are approved by the government and detail the total proven reserves and estimated scheduled extraction by year.

3. Summary of Significant Accounting Policies (Continued)

Exploration and evaluation assets

Exploration and evaluation assets are measured at cost less provision for impairment, where required. The Company classifies exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired.

Exploration and evaluation assets comprise the capitalised costs incurred after the Company has obtained the legal rights to explore a specific area and prior to proving that viable production is possible and include geological and geophysical costs, the costs of exploratory wells and directly attributable overheads associated with exploration activities.

Activities prior to the acquisition of the natural resources rights are pre-exploration. All pre-exploration costs are expensed as incurred and include such costs as design work on operations, technical and economical assessment of a project, and overheads associated with the pre-exploration. A decision on termination of a subsurface contract upon expiry of the exploration and evaluation period is subject to success of the exploration and evaluation of mineral resources and the Company's decision whether or not progress to the production (development) stage.

Tangible exploration and evaluation assets are transferred to mine development assets upon demonstration of commercial viability of uranium production and amortised using unit-of-production method based upon proved reserves. Once commercial reserves (proved or commercial reserves) are found, intangible exploration and evaluation assets are transferred to mineral rights. Accordingly, the Company does not amortise exploration and evaluation assets before commercial reserves (proved or commercial reserves) are found. If no commercial reserves are found exploration and evaluation assets are expensed.

Exploration and evaluation assets are tested by the Company for impairment whenever facts and circumstances indicate assets' impairment. An impairment loss is recognised for the amount by which exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

One or more of the following facts and circumstances indicate that the Company should test its exploration and evaluation assets for impairment (the list is not exhaustive):

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral reserves in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral reserves in the specific area have not led to the discovery of commercially viable quantities of mineral reserves and the Company has decided to discontinue such operations in the specific area;
- sufficient data exist to indicate that, although development works in the specific area are likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full resulting from efficient development or by sale.

Impairment of non-financial assets and investments in subsidiaries, joint ventures and associates

The carrying amounts of the Company's non-financial assets (other than inventories and deferred tax assets) and investments in subsidiaries, joint ventures and associates are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell (the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) and its value in use (being the net present value of expected future cash flows of the relevant cash generating unit). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

3. Summary of Significant Accounting Policies (Continued)

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Basis for determination of cash-generating units is presented in Note 4.

The estimates used for impairment reviews are based on detailed mine layouts and operating budgets, modified as appropriate to meet the requirements of IAS 36 "Impairment of Assets". Future cash flows are based on:

- estimates of the volumes of the reserves for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices (assuming the current market prices will revert to the Company's assessment of the long term average price, generally over a period of three to five years); and
- future costs of production and other operating and capital expenditures.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit and loss for the year so as to reduce the carrying amount in the separate statement of financial position to its recoverable amount. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. This reversal is recognised in profit and loss for the year, and is limited to the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

Operating leases

Where the Company is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are charged to profit or loss for the year on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Income taxes

Income taxes have been provided for in the financial statements in accordance with legislation enacted by the end of the reporting period. The income tax charge/(credit) comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Company. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

The Company controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Company does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted by the end of the reporting period, and any known court or other rulings on such issues.

3. Summary of Significant Accounting Policies (Continued)

Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, extraction and processing services and other direct costs but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Impairment of financial assets carried at amortised cost

Impairment losses are recognised in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Company determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics, and collectively assesses them for impairment. The primary factors that the Company considers in determining whether a financial asset is impaired are its overdue status and realisability of related collateral, if any.

The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred:

- any portion or instalment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;
- the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Company obtains;
- the counterparty considers bankruptcy or a financial reorganisation;
- there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty; or
- the value of collateral, if any, significantly decreases as a result of deteriorating market conditions.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms. The renegotiated asset is then derecognised and a new asset is recognised at its fair value only if the risks and rewards of the asset substantially changed. This is normally evidenced by a substantial difference between the present values of the original cash flows and the new expected cash flows.

Impairment losses are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment loss account within the profit or loss for the year.

3. Summary of Significant Accounting Policies (Continued)

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year. Non-current prepayments are not discounted.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

Non-current assets classified as held for sale

Non-current assets and disposal groups (which may include both non-current and current assets) are classified in the statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Company management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property, plant and equipment are not depreciated. Reclassified non-current financial instruments are not subject to write down to the lower of their carrying amount and fair value less costs to sell.

Liabilities directly associated with the disposal group that will be transferred in the disposal transaction are reclassified and presented separately in the statement of financial position.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity. Additional paid-in capital primarily represents capital contributions made by non-controlling interests in excess of their ownership.

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

Value added tax

Value added tax (VAT) related to sales is payable to the tax authorities when goods are shipped or services are rendered. Purchase VAT can be offset against sales VAT upon the receipt of a tax invoice from a supplier. Tax legislation allows the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases unsettled at the reporting date is stated in the separate statement of financial position on a net basis. Recoverable VAT is classified as non-current if its settlement is not expected within one year after the reporting period. Non-current VAT is not discounted.

3. Summary of Significant Accounting Policies (Continued)

Loans and borrowings

Borrowings are carried at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets, if the commencement date for capitalisation is on or after 1 January 2009.

The commencement date for capitalisation is when (a) the Company incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Company's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Company's provisions include site restoration and other provisions (Note 34).

Provisions for assets retirement obligations

Assets retirement obligations are recognised when it is probable that the costs would be incurred and those costs can be measured reliably. Asset retirement obligations include the costs of rehabilitation and costs of liquidation (demolition of buildings, constructions and infrastructure, dismantling of machinery and equipment, transportation of the residual materials, environmental clean-up, monitoring of wastes and land restoration). Provision for the estimated costs of liquidation, rehabilitation and restoration are established and charged to the cost of property, plant and equipment or mine development assets in the reporting period when an obligation arises from the respective land disturbance in the course of mine development or environment pollution, based on the discounted value of estimated future costs. Movements in the provisions for assets retirement obligations, resulting from updated cost estimates, changes to the estimated term of operations and revisions to discount rates are capitalised within property, plant and equipment or mine development assets. These costs are then depreciated over the lives of the assets to which they relate using the depreciation methods applied to those assets.

Provisions for asset retirement obligations do not include any additional obligations which are expected to arise from future disturbances. The costs are estimated on the basis of a closure and restoration plan. The cost estimates are calculated annually during the course of the operations to reflect known developments, e.g. updated cost estimates and revised term estimated lives of operations, and are subject to formal reviews on a regular basis. Although the final cost to be incurred is uncertain, the Company estimates its costs based on feasibility and engineering studies using current restoration standards and techniques for conducting restoration and retirement works.

The amortisation or "unwinding" of the discount applied in establishing the net present value of provisions is charged to profit and loss in each reporting period. The amortisation of the discount is disclosed as finance costs.

Financial guarantees

Financial guarantees are irrevocable contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

3. Summary of Significant Accounting Policies (Continued)

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company its presentation currency is the national currency of Kazakhstan, Kazakhstani Tenge. Exchange restrictions and currency controls exist in relation of converting Tenge into other currencies. Currently, Tenge is not freely convertible outside of the Republic of Kazakhstan.

At 31 December 2016, the principal rate of exchange used for translating foreign currency balances was USD 1 = Tenge 333.29 (2015: USD 1 = Tenge 339.47).

Revenue recognition

Revenues from sales of goods are recognised at the point of transfer of risks and rewards of ownership of the goods. If the Company agrees to transport goods to a specified location, revenue is recognised when the goods are passed to the customer at the destination point.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Sales are shown net of VAT and discounts. Revenue is measured at the fair value of the consideration received or receivable. When the fair value of goods received in a barter transaction cannot be measured reliably, the revenue is measured at the fair value of the goods or service given up.

Delivery of uranium, tantalum and beryllium products vary depending on the individual terms of a sale contract usually in accordance with the Incoterms classification. Delivery of uranium products occurs: at the date of physical delivery in accordance with Incoterms or at the date of book-transfer to account with convertor specified by customer. Book-transfer operation represents a transaction whereby uranium account balance of the transferor is decreased with simultaneous allocation of uranium to the transferee's uranium account with the same specialised conversion/reconversion entity.

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(i) Long-term employee benefits

The Company provides long-term employee benefits to employees in accordance with the provisions of the collective agreement. The agreements provide for financial aid for employees' disability, retirement, funeral aid and other payments. The entitlement to some benefits is usually conditional on the employee remaining employed until the retirement age and the completion of a minimum service period.

The Company does not have any funded post-employment plans. Liability recognised at each reporting date represents the present value of the plan liabilities. Actuarial gains and losses arising in the year are taken to the profit or loss for the year. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

Actuarial gains and losses on post-employment obligations such as experience adjustments and the effects of changes in actuarial assumptions recognised in other comprehensive income in the period occurred. Other movements in the present value of the plan liabilities are also recognised in the profit or loss for the year, including current service cost.

The most significant assumptions used in accounting for defined benefit obligations are the discount rate, staff turnover and the mortality assumptions. The discount rate is used to determine the net present value of future liabilities and each year the unwinding of the discount on those liabilities is charged to profit or loss for the year. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

Employee benefits, including financial aid for employees' disability and funeral aid to the Company's employees and other payments are considered as other long-term employee benefits. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the defined benefit plan. These obligations are valued annually by independent qualified actuaries.

3. Summary of Significant Accounting Policies (Continued)

(ii) Payroll expense and related contributions

Wages, salaries, contributions to pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company. In accordance with the legal requirements of the Republic of Kazakhstan, the Company withholds pension contributions from employees' salary and transfers them into the united pension fund. Upon retirement of employees, all pension payments are administered by the united pension fund.

Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to owners of the Company by the weighted average number of participating shares outstanding during the reporting year.

Segment information

The Company fully repaid bonds in 2015 and does not fall in scope of IFRS 8 anymore. Therefore the segment information is not presented in these separate financial statements.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Uranium reserves

Uranium reserves are a critical component of the Company's projected cash flow estimates that are used to assess the recoverable values of assets and to determine depreciation and amortisation expense. Reserves estimation is performed based on results of detailed mine exploration and is evaluated and approved by State Reserves Commission (GKZ) of Kazakhstan Geology Committee. Reserves approved by GKZ are added to State balance and can be reassessed by GKZ on the basis of additional exploration. Need for additional exploration on the mine allotment appears (i) upon finding of new ore bodies during development activities; (ii) when detailed exploration evidences presence of uranium reserves on mine allotment that due to various reasons have not been assigned as commercial grade reserves and have not been added to State balance; or (iii) reserves write off upon non-confirmation report. Reserves non-confirmation occurs usually due to violations of phasing and methodology of exploration activities, unsubstantiated selection of exploration grid density, or incorrect linkage of ore intersections. Normally upon stripping during production actual reserves of each area are greater or lesser than geological reserves approved by GKZ. Subsurface user reports to the government reserves for the mine as a whole. Instances when balance reserves are systematically not confirmed for the mine as a whole are rare. Subsurface user cannot unilaterally change reserves by grades. Expert conclusion of GKZ is an integral part of a subsurface use contract and serves as a basis for development of mine (lot) production project and working programme of the subsurface use contract. The presence of reserves does not mean that all reserves will be extracted on a cost effective basis. Share of approved by GKZ reserves in the amount of actual production and approved planned losses is written off annually from entity's balance. Volume of uranium planned for production must coincide with the working programme of the subsurface use contract and approved production project.

Changes to planned production are prohibited unless production project and working programme of the subsurface use contract are revised and appropriately approved. If actual production volumes deviate from approved for less than 20% no changes are required.

Impairment of non-financial assets

At the end of each reporting period management assesses whether there is any indication of impairment of individual assets (cash generating units). If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised for the amount by which carrying amount exceeds recoverable amount.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

The recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The calculation of value in use requires the Company to make estimates regarding the Company's future cash flows. The estimation of future cash flows involves significant estimates and assumptions regarding commodity prices (uranium and other products), the level of sales, discount rates, growth rates, operating costs and other factors. The impairment review and calculations are based on assumptions that are consistent with the Company's business plans. Due to its subjective nature, these estimates could differ from future actual results of operations and cash flows; any such difference may result in impairment in future periods and would decrease the carrying value of the respective asset.

Assets related to uranium production

At 31 December 2016, decrease of prices for uranium oxide (U₃O₈) down to USD 18 per pound was considered by management as indication of impairment of assets (cash generating units) of the Company related to uranium production.

Assets related to uranium mines include property, plant and equipment, mine development assets, mineral rights, exploration and evaluation assets, investments in associates, investments in joint ventures, and other investments. Management performed test for impairment for assets (cash generating units) of the Company related to uranium production for which impairment indications were identified as at 31 December 2016.

For the purpose of impairment test assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). The Company identified each mine (contract territory) as a separate cash generating unit. If several mines are technologically connected with single processing plant (section for processing of pregnant solutions) the Company considers such mines as one cash generating unit.

Based on the impairment assessment the Company recognised impairment losses for South Moinkum and Uvanas cash generating units as recoverable amounts of these cash generating units were less than their carrying amounts (Note 12).

Below are principal assumptions used by management for calculation of value in use:

- average annual uranium prices are estimated at the following levels based on the forecast by independent source Ux Consulting LLC published in the fourth quarter of 2016:

	2017	2018	2019	2020	2021	2022-2030
Average price of U ₃ O ₈ per pound (in USD)	20.50	19.80	21.06	23.60	27.25	31.92-56.87

- forecast production and period based on volumes of annual production stipulated by subsurface use contracts;
- operating and capital expenditures after 2021 will increase at the long-term inflation rate of 4-6% per annum;
- discount rate of 9.68-15.47 per annum;
- forecast of long-term exchange rate at Tenge 340 per USD 1.

Presented below is the sensitivity analysis disclosing possible impairment losses at reasonably possible changes of principal assumptions (with all other parameters held constant) for assets (cash generating units) where impairment indications were identified:

- decrease in average forecast annual uranium prices across the forecast horizon:

% decrease	Impairment loss, million Tenge
10%	4,707
20%	16,250

- forecast production decrease by 10% would result in impairment loss of Tenge 4,966 million.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Recoverable amount of KazPV project

At 31 December 2015, management concluded that there were the following indications of impairment of investments related to KazPV project: less than budgeted production and sales volumes; higher than budgeted production costs; and overall decrease in market prices. Assets related to KazPV project include investments of the Company in Astana Solar LLP, Kazakhstan Solar Silicon LLP and MK KazSilicon LLP.

Based on the impairment assessment the Company recognised impairment losses as recoverable amount of investments were below their carrying amounts (Note 12). Critical estimates and judgments used in computation of the recoverable amounts included forecast future sales volumes and prices. The forecast period covered the remaining useful lives of property, plant and equipment.

At 31 December 2016, the Company reviewed the carrying amounts of KazPV project assets to determine whether there were any indications of further impairment. Deviation from revised plans and further decrease in sales were considered by management as indications of further impairment. Based on the conducted assessment taking into account the revised forecast of future production plans and sales prices, the Company fully impaired the Kazakhstan Solar Silicon LLP and MK KazSilicon LLP. For Astana Solar LLP the Company recognised impairment loss, as their carrying amounts exceeded their recoverable amounts (Note 12). If sales volumes or prices were 10% lower than the forecast, the Company would recognise full impairment of Astana Solar LLP in amount of Tenge 2,925 million.

Recoverable amount of investments in other non-core assets

At 31 December 2015, management concluded that there were the following indications of impairment of investment in Kaustik JSC: less than budgeted production and sales volumes. Based on the impairment assessment the Company recognised impairment losses as recoverable amount of investment was below its carrying amount (Note 12). Critical estimates and judgments used in computation of the recoverable amounts included forecast future sales volumes and prices. The forecast period covered 5 years till 2020 with calculation of terminal value beyond the forecast period. If sales volumes or prices were 20% lower than the forecast the impairment loss would be Tenge 6,841 million higher and carrying value of investment would be nil.

Provision for assets retirement obligations

In accordance with the environmental legislation and the contracts on subsurface use, the Company has a legal obligation to remediate damage caused to the environment from its operations and to decommission its mining assets and waste polygons and restore a landfill site after its closure. Provision is made, based on the net present values, for site restoration and retirement costs as soon as the obligation arises from past mining activities.

The provision for mining assets and waste polygons retirement obligation is estimated based on the Company's interpretation of current environmental legislation in the Republic of Kazakhstan and the Company's related program for liquidation of subsurface use consequences on the contracted territory and other operations supported by the feasibility study and engineering researches in accordance with the existing restoration and retirement standards and techniques.

Provisions for retirement obligations are subject to potential changes in environmental regulatory requirements and the interpretation of the legislation. Provisions for mining assets and waste polygons retirement obligations are recognised when there is a certainty of incurring such liabilities and when it is possible to measure the amounts reliably.

Significant judgments used in such estimations include the estimate of discount rate and timing of cash flows. Discount rate is applied to the nominal costs the management expects to spend on mining assets retirement and waste polygons restoration in the future. Accordingly, management's estimates based on current prices are inflated using the expected long-term inflation rate (2016: 5.13%; 2015: 6.00%), and subsequently discounted using discount rate. The discount rate reflects the current market estimates of the time value of money and those risks specific to the liability not reflected in the best estimate of the costs. The discount rate is based on a risk-free rate determined as interest rates on government bonds with the same maturity as the subsoil use contracts of the Company. The discount rate used by the Company for calculation of provision as at 31 December 2016 is 7.08% (2015: 6.70%). Management estimated that reasonably possible changes in key assumptions would not lead to significant changes in the amount of provision for assets retirement obligations.

As of 31 December 2016, the carrying value of site restoration provision was Tenge 12,163 million (2015: Tenge 12,708 million) (Note 34). Management estimated that reasonably possible changes in key assumptions would not lead to significant changes in the amount of provision for assets retirement obligations.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Investments carried at cost

As disclosed in Note 26, in October 2007, the Company invested into Toshiba Nuclear Energy Holdings US, Inc. (TNEH-US) and Toshiba Nuclear Energy Holdings UK Ltd (TNEH-UK), by acquiring 10% Class A ordinary shares for a total amount of USD 540 million (TNEH-US USD 400 million and TNEH-UK USD 140 million). As the Company does not have significant influence over THEN-US and TNEH-UK and does not participate in financial and operating activities, these investments were classified as available for sale.

Investments in TNEH-US and TNEH-UK are carried at cost, as management could not reliably estimate fair value of these investments. Investees have not published recent financial information on their operations, their shares are not quoted, and their recent trade prices are not publicly accessible.

At the end of each reporting period management assess whether there is any indication of impairment of investments carried at cost. Management determined there were no impairment indicators at 31 December 2016 and 2015.

Useful lives of property, plant and equipment

Estimated depreciation rates of uranium mining assets

Property, plant and equipment related to uranium production, mining assets and mineral rights are depreciated over the respective life of the mine using the unit-of-production method based on mineral reserves. When determining mineral reserves, assumptions that were valid at the time of estimation may change when new information becomes available. Any changes could affect the prospective depreciation rates and asset carrying values.

The calculation of the unit-of-production rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production, which would generally arise as a result of significant changes in any of the factors or assumptions used in estimating mineral reserves. These factors could include:

- changes in mineral reserves;
- the grade of mineral reserves varying significantly from time to time;
- unforeseen operational issues at mine sites; and
- changes in capital and operating mining, processing and reclamation costs, discount rates and foreign exchange rates possibly adversely affecting the economic viability of mineral reserves.

Estimates of ore reserves can differ from period to period. This can affect the Company's financial results. Such changes in reserves can affect the depreciation charge, carrying amount of assets and provisions for assets retirement liabilities. As at 31 December 2016 the carrying amount of assets related to uranium production was Tenge 45,951 million (2015: Tenge 47,848 million).

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2016 would be to increase or decrease it by Tenge 983 million (2015: increase or decrease by Tenge 972 million).

Tax and transfer pricing legislation

Kazakhstani tax and transfer pricing legislation is subject to varying interpretations (Note 37).

5. Adoption of New or Revised Standards and Interpretation

The following new standards and interpretations became effective for the Company from 1 January 2016. Adoption of these new standards and interpretations did not have any material impact on the separate financial statements.

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

5. Adoption of New or Revised Standards and Interpretation (Continued)

Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

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

Agriculture: Bearer plants – Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

Equity Method in Separate Financial Statements – Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

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

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

Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.

Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity's ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent's financial statements.

6. New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2017 or later, and which the Company has not early adopted.

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

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

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

IFRS 16 "Leases" (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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

6. New Accounting Pronouncements (Continued)

Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (issued in January 2016 and effective for annual periods beginning on or after 1 January 2017). The amendment has clarified the requirements on recognition of deferred tax assets for unrealised losses on debt instruments. The entity will have to recognise deferred tax asset for unrealised losses that arise as a result of discounting cash flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of the debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains. No impact is expected.

Disclosure Initiative – Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017). The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities.

The Company is currently assessing the impact of new standards and amendments.

The following standards and interpretations are not expected to affect significantly the Company's separate financial statements after becoming effective:

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 (issued in January 2016 and effective for annual periods beginning on or after 1 January 2017).
- Amendments to IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12, and on or after 1 January 2018 for amendments to IFRS 1 and IAS 28).
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Transfers of Investment Property - Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

Unless otherwise stated above, new accounting pronouncements are not expected to affect significantly the Company's separate financial statements.

7. Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention of management is directed to the substance of the relationship, not merely the legal form.

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

At 31 December 2016, the outstanding balances with related parties were as follows:

<i>In millions of Kazakhstani Tenge</i>	Accounts receivable and other assets (Notes 27, 28)	Dividends receivable (Note 28)	Loans given (Note 30)	Accounts payable (Note 35, 36)
Subsidiaries	4,205	-	-	5,999
Associates	5	5,916	19,151	29,728
Joint ventures	10	-	-	15,689
Entities under common control	18	-	-	86
Other	14	-	-	-
Total	4,252	5,916	19,151	51,502

The income and expense items with related parties for the year ended 31 December 2016 were as follows:

<i>In millions of Kazakhstani Tenge</i>	Sale of goods and services	Dividends received	Purchase of goods and services	Dividends to the parent (Note 32)	Finance and other income	Finance and other costs
Subsidiaries	543	3,695	59,865	-	4,672	1,061
Associates	110	47,943	77,729	-	2,440	1,576
Joint ventures	79	21,066	45,685	-	298	-
Entities under common control	4	-	484	-	-	-
Parent	-	-	-	12,031	-	-
Other	37	-	-	-	845	173
Total	773	72,704	183,763	12,031	8,255	2,810

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

<i>In millions of Kazakhstani Tenge</i>	Accounts receivable and other assets (Notes 27, 28)	Dividends receivable (Note 28)	Loans given (Note 30)	Accounts payable (Note 35, 36)
Subsidiaries	8,047	-	163	3,635
Associates	5	6,258	18,033	36,543
Joint ventures	5	2,511	2,422	25,817
Entities under common control	6	-	-	2
Other	10	-	13,099	2,099
Total	8,073	8,769	33,717	68,096

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7. Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year ended 31 December 2015 were as follows:

<i>In millions of Kazakhstani Tenge</i>	Sale of goods and services	Dividends received	Purchase of goods and services	Dividends to the parent (Note 32)	Finance and other income	Finance and other costs
Subsidiaries	647	710	49,610	-	5,289	572
Associates	151	33,735	80,130	-	7,648	269
Joint ventures	58	7,267	46,728	-	550	191
Entities under common control	-	-	783	-	-	-
Parent	-	-	-	2,323	-	-
Other	38	-	1,874	-	5,478	100
Total	894	41,712	179,125	2,323	18,965	1,132

The terms and conditions of outstanding balances with related parties are not significantly different from those with non-related parties.

Key management compensation is presented below:

<i>In millions of Kazakhstani Tenge</i>	2016		2015	
	Expense	Accrued liability	Expense	Accrued liability
Salaries and bonuses	503	29	183	10
Total	503	29	183	10

8. Revenue

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Sales of uranium products	265,157	258,578
Other	739	880
Total revenue	265,896	259,458

9. Cost of Sales

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Materials and supplies	151,433	128,233
Third party services	28,244	39,346
Taxes other than income tax	6,974	9,576
Depreciation and amortisation	5,829	7,757
Transportation expenses	162	157
Other	201	479
Total cost of sales	192,843	185,548

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10. Distribution Expenses

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Shipping, transportation and storing	3,626	1,642
Rent	116	135
Advertising and marketing expenses	54	36
Other	301	102
Total distribution expenses	4,097	1,915

11. General and Administrative Expenses

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Wages and salaries	6,563	4,872
Consulting and information services	4,162	1,969
Tax fines and penalties	1,042	591
Rent	887	736
Business trip expenses	390	215
Repairs and maintenance	321	72
Depreciation and amortisation	309	294
Research expenses	244	731
Allowance for doubtful accounts	75	9,435
Other	1,282	673
Total general and administrative expenses	15,275	19,588

12. Impairment Losses

The Company recognised the following impairment losses by financial statement line items:

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Investments in subsidiaries	15,803	28,612
Non-current restricted cash (Note 28)	4,189	-
Loans given	955	10,166
Investments in associates	-	1,025
Other	2,990	1,162
Total impairment losses	23,937	40,965

Continued losses and deviations from initial development plans in relation to certain investments in subsidiaries, joint ventures and associates were considered by management as indication of impairment. Management performed an impairment test of respective investments as of 31 December 2016. The results of the test are as follows:

<i>In millions of Kazakhstani Tenge</i>	Carrying value	Recoverable amount	Impairment loss
Kazakhstan Solar Silicon LLP	10,856	-	10,856
Astana Solar LLP	5,976	2,992	2,984
IVT LLP	1,439	596	843
Kazatomprom-Damu LLP	826	180	647
JV KT Rare Metals Company LLP	365	-	365
MK KazSilicon LLP	108	-	108
Total	19,570	3,767	15,803

12. Impairment Losses (Continued)

Less than budgeted production and sales volumes of silicon of solar quality, silicon and photovoltaic slices, higher than budgeted production costs and overall decrease in market prices were considered by management as indications of impairment of investments in Astana Solar LLP, Kazakhstan Solar Silicon LLP and MK KazSilicon LLP. Recoverable amount of the investments was determined as value in use. The applied discount rates were 12.35% for MK KazSilicon LLP and 10.46% for Astana Solar LLP and Kazakhstan Solar Silicon LLP.

Transfer of fixed assets to akimats of South Kazakhstan and Kyzylorda districts and change of principal activities were considered by management as indications of impairment of investments in Kazatomprom-Demeu LLP. Recoverable amount of the cash generating unit was determined as value in use. The applied discount rate was 10.46%.

In 2016, Ecoenergomash LLP and Kazakhstani Nuclear University LLP merged into IVT LLP, which caused changes in operational activities. Management considered this as indication of impairment. Recoverable amount of the cash generating unit was determined as value in use. The applied discount rate was 10.46%.

In 2016, the Company decided to sell its ownership in JV KT Rare Metals Company LLP that led to reclassification of this investment into assets of disposal groups classified as held for sale. Recoverable amount was determined as fair value less cost to sell based on current negotiation process with potential buyers.

Continued losses and deviations from initial development plans in relation to certain investments in subsidiaries, joint ventures and associates were considered by management as indication of impairment. Management performed an impairment test of respective investments as of 31 December 2015. The results of the test are as follows:

<i>In millions of Kazakhstani Tenge</i>	Carrying value	Recoverable amount	Impairment loss
Astana Solar LLP	12,814	5,562	7,252
Kazakhstan Solar Silicon LLP	11,391	5,280	6,111
Kazatomprom-Demeu LLP	8,591	826	7,765
Kaustik JSC	7,440	6,841	599
MK KazSilicon LLP	4,159	49	4,110
JV SARECO LLP	2,983	118	2,865
Ecoenergomash LLP	1,050	541	509
JV IFASTAR	426	-	426
Total	48,854	19,217	29,637

Less than budgeted production and sales volumes of silicon of solar quality, silicon and photovoltaic slices, higher than budgeted production costs and overall decrease in market prices were considered by management as indications of impairment of investments in Astana Solar LLP, Kazakhstan Solar Silicon LLP and MK KazSilicon LLP. Recoverable amount of the investments was determined as value in use. The applied discount rates were determined as follows:

- Astana Solar LLP – 12.19%;
- Kazakhstan Solar Silicon LLP – 15.45%;
- MK KazSilicon LLP – 11.11%.

Absence of profit and operations were considered by management as indications of impairment of investments in Ecoenergomash LLP. Recoverable amount of the cash generating unit was determined as value in use. The applied discount rate was 12.04%.

Transfer of fixed assets to akimats of South Kazakhstan and Kyzylorda districts and change of principal activities were considered by management as indications of impairment of investments in Kazatomprom-Demeu LLP. Recoverable amount of the cash generating unit was determined as value in use. The applied discount rate was 12.21%.

Less than budgeted production and sales volumes were considered by management as indications of impairment of investments in Kaustik JSC. Recoverable amount of the investment was determined as value in use. The applied discount rate was 11.94%.

12. Impairment Losses (Continued)

Expected exit of second participant and uncertainties in future prospects of the project were considered by management as indications of impairment of investments in JV SARECO LLP. Recoverable amount of the investment was determined as value in use. Management assumed that the investments would be recovered through sale at assets residual value of 5% of carrying value for most of the assets of JV SARECO LLP. Due to immaterial effect, management did not apply discounting.

Uncertainties in future prospects of the project were considered by management as indications of impairment of investments in JV IFASTAR. Management has recognised full impairment of investment.

13. Other Income

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Fines and penalties	506	496
Gain on disposal of jointly controlled entities	60	-
Gain on disposal of non-current assets	34	89
Other	21	14
Total other income	621	599

14. Other Expenses

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Loss on recognition of guarantees (Note 36)	17,178	-
Social sphere expenses	3,469	3,055
VAT on exempt turnovers	146	261
Other	481	155
Total other expenses	21,274	3,421

Net foreign exchange gain/(loss)

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Foreign exchange loss on financing activities, net	(58,411)	(69,578)
Foreign exchange gain on operating activities, net	60,792	29,437
Total foreign exchange gain/(loss), net	2,381	(40,141)

15. Personnel Costs

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Wages and salaries	6,012	4,329
Social tax and social contributions	574	417
Total personnel costs	6,586	4,746

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16. Finance Income and Costs

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Finance income		
Dividend income	80,012	48,762
Gain from remeasurement of financial assets	4,093	14,955
Interest income on loans given	2,778	2,981
Interest income on term deposits, demand deposits and bank accounts	2,207	496
Interest income on discounting of non-current accounts receivable	599	414
Total finance income	89,689	67,608
Finance costs		
Interest expense on loans and borrowings	4,148	4,746
Loss on remeasurement of financial assets	2,810	561
Unwinding of discount on provisions	808	763
Loss on sales of foreign currency	297	109
Other	154	354
Total finance costs	8,217	6,533

17. Income Tax Expense

(a) Components of income tax expense

Income tax expense recorded in profit or loss comprises the following:

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Current income tax	14,767	9,192
Deferred income tax	(1,630)	(1,567)
Total income tax expense	13,137	7,625

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the Company's profit in 2016 and 2015 is 20%. A reconciliation between the expected and the actual taxation charge is provided below:

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Profit before tax	93,163	30,956
Theoretical tax charge at statutory tax rate of 20% (2015: 20%):	18,633	6,191
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income which is exempt from taxation	(16,724)	(9,763)
Unrecognised deferred tax asset on impairment losses	7,775	9,776
Non-deductible expenses	272	307
Tax losses for which no deferred tax asset is recognised	59	-
Transfer pricing adjustment	542	513
Prior periods adjustments	2,580	601
Income tax expense	13,137	7,625

17. Income Tax Expense (Continued)

Prior period adjustments in 2016 include corporate income tax of Tenge 2,512 million based on the results of the transfer pricing inspection for 2008, Tenge 522 million based on the results of the complex tax audit for 2009-2012 using a provision for corporate income tax accrued in 2015, and Tenge 1,538 million as a correction of corporate income tax for 2013-2015 (Note 37). Prior period adjustments in 2015 include accrual of corporate income tax and excess profit tax for Tenge 613 million based on the results of the appeal (Note 37).

As at 31 December 2015, the Company did not recognise deferred tax asset on impairment losses as management did not consider it probable that future taxable profit would be available against which the deduction could be utilised.

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below at 20% (2015: 20%).

<i>In millions of Kazakhstani Tenge</i>	1 January 2016	Credited/ (charged) to profit or loss	31 December 2016
Tax effect of deductible/(taxable) temporary differences			
Property, plant and equipment and intangible assets	(842)	277	(565)
Accounts receivable	452	(146)	306
Provisions	771	(6)	765
Accrued liabilities	236	3	239
Tax losses carried forward	2,022	(829)	1,193
Taxes	476	136	612
Inventories	(2,195)	2,195	-
	920	1,630	2,550
Recognised deferred tax asset (liability)	920	1,630	2,550

The tax effect of the movements in the temporary differences for the year ended 31 December 2015 is:

<i>In millions of Kazakhstani Tenge</i>	1 January 2015	Credited/ (charged) to profit or loss	31 December 2015
Tax effect of deductible/(taxable) temporary differences			
Property, plant and equipment and intangible assets	(787)	(55)	(842)
Accounts receivable	230	222	452
Provisions	495	276	771
Accrued liabilities	203	33	236
Tax losses carried forward	207	1,815	2,022
Taxes	825	(349)	476
Inventories	(1,820)	(375)	(2,195)
	(647)	1,567	920
Recognised deferred tax asset (liability)	(647)	1,567	920

Management believes that gross deferred tax assets in the amount of Tenge 2,264 million (2015: Tenge 3,245 million) and gross deferred tax liabilities in the amount of Tenge 565 million (2015: Tenge 842 million) may be recovered during the period of more than 12 months after the end of the reporting period.

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18. Intangible Assets

<i>In millions of Kazakhstani Tenge</i>	Licences and patents	Software	Other	Total
At 1 January 2015				
Cost	70	938	146	1,154
Accumulated amortisation and impairment	(35)	(278)	(33)	(346)
Carrying value	35	660	113	808
Additions	-	9	-	9
Transfers	(1)	136	-	135
Amortisation charge	(2)	(158)	(8)	(168)
At 31 December 2015				
Cost	69	1,083	146	1,298
Accumulated amortisation and impairment	(37)	(436)	(41)	(514)
Carrying value	32	647	105	784
Additions	365	11	-	376
Transfers	-	-	4	4
Impairment charge	-	(110)	-	(110)
Amortisation charge	(10)	(195)	(8)	(213)
At 31 December 2016				
Cost	434	1,093	149	1,676
Accumulated amortisation and impairment	(47)	(740)	(48)	(835)
Carrying value	387	353	101	841

19. Property, Plant and Equipment

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

<i>In millions of Kazakhstani Tenge</i>	Land	Buildings	Machinery and equip- ment	Vehicles	Other	Construc- tion in progress	Total
At 1 January 2015							
Cost	7	4,111	2,079	72	593	6,611	13,473
Accumulated depreciation and impairment	-	(228)	(281)	(57)	(217)	(1)	(784)
Carrying amount	7	3,883	1,798	15	376	6,610	12,689
Additions	-	-	24	-	8	1,642	1,674
Transfers	(1)	1,858	(514)	8	12	(1,363)	-
Depreciation charge	-	(89)	(122)	(3)	(83)	-	(297)
Disposals	(4)	-	-	-	(15)	-	(19)
Impairment	-	-	-	-	-	(468)	(468)
Transfers to inventories, mine development assets and intangible assets	-	-	-	-	-	(5,812)	(5,812)
At 31 December 2015							
Cost	2	5,976	1,565	80	588	1,077	9,288
Accumulated depreciation and impairment	-	(324)	(379)	(60)	(289)	(469)	(1,521)
Carrying amount	2	5,652	1,186	20	299	608	7,767
Additions	-	-	165	-	31	1,194	1,390
Transfers	-	-	-	-	-	(4)	(4)
Depreciation charge	-	(60)	(98)	(2)	(80)	-	(240)
Disposals	-	(1,110)	(171)	(10)	(10)	(2)	(1,303)
Impairment	-	-	-	-	-	(671)	(671)
At 31 December 2016							
Cost	2	4,821	1,474	43	597	2,265	9,202
Accumulated depreciation and impairment	-	(339)	(392)	(35)	(357)	(1,140)	(2,263)
Carrying amount	2	4,482	1,082	8	240	1,125	6,939

The amount of contract commitments for purchase of property, plant and equipment amounted to Tenge 4,825 million as of 31 December 2016 (2015: Tenge 23 million).

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20. Mine Development Assets

<i>In millions of Kazakhstani Tenge</i>	Field preparation	Site restoration costs	Ion exchange resin	Total
At 1 January 2015				
Cost	32,059	6,513	2,192	40,764
Accumulated depreciation and impairment	(12,843)	(656)	(242)	(13,741)
Carrying amount	19,216	5,857	1,950	27,023
Additions	8,369	-	-	8,369
Depreciation charge	(7,944)	(441)	(199)	(8,584)
Transfers from property, plant and equipment	5,676	-	-	5,676
Transfers from inventory	-	-	297	297
Transfers from exploration and evaluation assets	-	-	128	128
Changes in accounting estimates	-	(105)	-	(105)
At 31 December 2015				
Cost	46,104	6,408	2,617	55,129
Accumulated depreciation and impairment	(20,787)	(1,097)	(441)	(22,325)
Carrying amount	25,317	5,311	2,176	32,804
Additions	10,203	-	-	10,203
Depreciation charge	(8,615)	(471)	(151)	(9,237)
Impairment	(1,393)	-	-	(1,393)
Transfers from inventory	-	-	28	28
Transfers from exploration and evaluation assets	2,920	691	255	3,866
Changes in accounting estimates	-	(992)	-	(992)
At 31 December 2016				
Cost	59,227	6,107	2,900	68,234
Accumulated depreciation and impairment	(30,795)	(1,568)	(592)	(32,955)
Carrying amount	28,432	4,539	2,308	35,279

The site restoration assets relate to the Company's provisions for site restoration costs for each field operated by the Company. The carrying value of the site restoration assets is re-evaluated each reporting period for changes in the estimated remediation costs (Notes 4 and 34).

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21. Mineral Rights

In millions of Kazakhstani Tenge

At 1 January 2015		
Cost		1,859
Accumulated amortisation and impairment		(229)
Carrying amount		1,630
Additions		288
Amortisation charge		(122)
At 31 December 2015		
Cost		2,147
Accumulated amortisation and impairment		(351)
Carrying amount		1,796
Transfers from exploration and evaluation assets		524
Amortisation charge		(282)
At 31 December 2016		
Cost		2,671
Accumulated amortisation and impairment		(633)
Carrying amount		2,038

22. Exploration and Evaluation Assets

In millions of Kazakhstani Tenge

	Tangible assets	Intangible assets	Total
Carrying value			
At 1 January 2015	5,731	1,231	6,962
Additions	944	1	945
Transfers from inventories	274	-	274
Proceeds from test production	(1,370)	(5)	(1,375)
Transfers to development costs	(128)	-	(128)
Other transfers	-	8	8
At 31 December 2015	5,451	1,235	6,686
Additions	1,552	15	1,567
Transfers to development costs	(3,866)	-	(3,866)
Transfer to mineral rights	-	(524)	(524)
Transfers to inventories	(126)	(2)	(128)
Other transfers	(361)	-	(361)
At 31 December 2016	2,650	724	3,374

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23. Investments in Subsidiaries

<i>In millions of Kazakhstani Tenge</i>	Principal activity	2016		2015	
		Ownership	Value	Ownership	Value
MAEK-Kazatomprom LLP	Production, transfer and sales of electric power and heat, production and sales of potable, technical and distilled water, transportation of sea water and gas	100%	14,966	100%	14,966
Kazatomprom-Damu LLP (Kazatomprom-Demeu LLP)	Social services, construction and management of social services facilities in subsurface use areas	85%	179	85%	825
Bailanys-NAK LLP	Communication services	100%	3,690	100%	3,690
Korgan Kazatomprom LLP	Security services	100%	20	100%	20
APPAK LLP	Exploration, extraction and initial processing of uranium-containing ores	65%	3,798	65%	3,798
Ulba Metallurgical Plant JSC	Production and processing of uranium materials, production of rare metals and semiconductor materials	90%	2,434	90%	2,434
Volkovgeologiya JSC	Exploration and research of uranium reserves, drilling services, monitoring of radiation level and environment conditions	65%	84	65%	84
High Technology Institute LLP	Research, project, development and engineering consulting services	100%	596	100%	1,240
Kyzyltu LLP	Exploration, extraction and processing of molybdenum-copper ores with uranium content	-	-	76%	1,267
JV SARECO LLP	Ore enrichment, hydro-metallurgical production of rare metals concentrates, chemical production of rare metals	51%	118	51%	118
MK KazSilicon LLP	Production and sale of metallurgical and polycrystalline silicon, recycling of silicon production waste	100%	-	100%	97
Kazakhstan Solar Silicon LLP	Production of silicon of solar quality, silicon slices and photovoltaic slices	100%	-	100%	5,370
Astana Solar LLP	Production of silicon of solar quality, silicon slices and photovoltaic slices and photovoltaic modules	100%	2,992	100%	5,913
JV KT Rare Metals Company LLP	Project feasibility works for exploration of rare metals	-	-	51%	382
DP Ortalyk LLP	Production services, processing to chemical uranium concentrate and mine development services	100%	20,425	100%	19,096
Remmontazhservice LLP	Field piping, repairs, production of non-standard equipment and maintenance	-	-	100%	309
RU-6 LLP	Exploration, production and preliminary processing of uranium ore	100%	2,192	100%	2,192
Trade and Transportation Company LLP	Procurement and transportation services	93%	29,985	93%	29,985
Geotechnoservice LLP	Development of mining works plans, mining projects, geophysical research	100%	789	100%	789
Kazatomprom-SaUran LLP	Exploration, production and preliminary processing of uranium ore	100%	10,369	100%	-
Ecoenergomash LLP	Production of vertical wind power station for complex renewable power supply systems	-	-	100%	542
Kazakhstan Nuclear University LLP	Education services	-	-	100%	17
TGHP LLP	Exploration, production and preliminary processing of uranium ore	-	-	100%	2,836
Stepnoe RU LLP	Exploration, production and preliminary processing of uranium ore	-	-	100%	7,224
Kazakhstani Nuclear Power Stations JSC	Project management of nuclear power plant construction and its operation on the territory of Kazakhstan	100%	93	-	-
TH Kazakatom AG	Marketing vehicle for products	100%	69	-	-
Total investments in subsidiaries			92,799		103,194

All subsidiaries are incorporated and operate in Kazakhstan except for TH Kazakatom AG, which is incorporated in Zurich, Switzerland.

In 2016, Econergomash LLP and Kazakhstan Nuclear University LLP merged with High Technology Institute LLP, and TGHP LLP, Remmontazhservice LLP and Stepnoe RU LLP merged with Kazatomprom SaUran-U LLP.

23. Investments in Subsidiaries (Continued)

Investments in JV KT JV KT Rare Metals Company LLP and Kyzyltu LLP were reclassified into assets of disposal group classified as held for sale.

High Technology Institute LLP

In 2016, the Company has recognised impairment of investment in the amount of Tenge 843 million (Note 12).

Kazatomprom-Demeu LLP

In 2015, the Company has recognised impairment of investment in the amount of Tenge 647 million (Note 12).

DP Ortalyk LLP

In 2016, the Company made additional contribution to the charter capital in the amount of Tenge 1,329 million in the form of fixed assets.

MK KazSilicon LLP

The Company is a co-borrower on the loan from Citibank Kazakhstan JSC provided to MK KazSilicon LLP. In accordance with the terms of the contract the Company bears joint and several liability with the debtor. The Company has recognised liability on financial guarantee in the amount of Tenge 11 million (2015: Tenge 48 million). Financial guarantee recognition was charged to increase of investments into subsidiaries. Also the Company has recognised impairment of investment in the amount of Tenge 108 million (Note 12).

Kazakhstan Solar Silicon LLP

In 2016, the Company made additional contribution to the charter capital in the amount of Tenge 5,476 million (2015: Tenge 1,651 million). The Company is a co-borrower on the loan from Citibank Kazakhstan JSC provided to Kazakhstan Solar Silicon LLP. In accordance with the terms of the contract the Company bears joint and several liability with the debtor. The Company has recognised liability on financial guarantee in the amount of Tenge 10 million (2015: 90 million). Financial guarantee recognition was charged to increase of investments into subsidiaries. Also the Company has recognised impairment of investment in the amount of Tenge 10,856 million (Note 12).

Astana Solar LLP

The Company is a co-borrower on the loan from The Bank of Tokyo Mitsubishi UFJ Ltd, Citibank Kazakhstan JSC and Kazkommertsbank JSC provided to Astana Solar LLP. In accordance with the terms of the contract the Company bears joint and several liability with the debtor. The Company has recognised liability on financial guarantee in the amount of Tenge 65 million (2015: Tenge 2,317 million). Financial guarantee recognition was charged to increase of investments into subsidiaries. Also the Company has recognised impairment of investment in the amount of Tenge 2,984 million (Note 12).

Kazakhstani Nuclear Power Stations JSC

In 2016, the Company has made capital contribution to the share capital in the amount of Tenge 93 million (Note 12).

TH Kazakatom AG

In 2016 the Company registered new entity TH Kazakatom AG in Switzerland and made capital contribution to the charter capital in the amount of Tenge 69 million.

24. Investments in Associates

The table below presents the Company's interests in its principal associates:

	Country of incorporation	Principal activities	2016		2015	
			% ownership interest held / % of voting rights	In millions of Tenge	% ownership interest held / % of voting rights	In millions of Tenge
JV Betpak Dala LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	167	30.00%	167
JV KATKO LLP	Kazakhstan	Extraction, processing and export of uranium products	49.00%	71	49.00%	71
JV Inkai LLP	Kazakhstan	Extraction, processing and export of uranium products	40.00%	9	40.00%	9
Kaustik JSC	Kazakhstan	Supply of caustic soda	40.00%	7,047	40.00%	6,841
Kyzylkum LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	6,593	30.00%	6,593
JV Zarechnoe JSC	Kazakhstan	Extraction, processing and export of uranium products	49.979%	6,726	49.979%	6,726
JV SKZ Kazatomprom LLP	Kazakhstan	Production of sulphuric acid	9.89%	838	9.89%	838
JV IFASTAR	France	Nuclear fuel cycle project feasibility study	49.00%	-	49.00%	-
JV South Mining Chemical Company LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	19	30.00%	19
JV Khorasan-U LLP	Kazakhstan	Extraction, processing and export of uranium products	33.98%	18	33.98%	18
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	-	-	42.79%	2,737
Total investments in associates				21,488		24,019

All of the above associates are accounted for at cost less impairment where necessary.

In 2016, the Company increased its interest in Uranenergo LLP and reassessed presence of control, joint control and significant influence over the investee. As the result of this assessment, management concluded that the Company has joint control over Uranenergo LLP. Accordingly, the investment was reclassified from investments into associates to investments into joint ventures.

25. Investments in Joint Ventures

The Company's interests in its principal joint ventures were as follows:

	Country of incorporation	Principal activity	2016		2015	
			% ownership interest held	In millions of Tenge	% ownership interest held	In millions of Tenge
JV Akbastau LLP	Kazakhstan	Extraction, processing and export of uranium products	50.00%	105	50.00%	105
TsOU CJSC	Russia	Production of advanced uranium products	50.00%	12,892	50.00%	12,892
Semizbay-U LLP	Kazakhstan	Extraction, processing and export of uranium products	51.00%	11,264	51.00%	11,264
Karatau LLP	Kazakhstan	Extraction, processing and export of uranium products	50.00%	1,600	50.00%	1,600
SKZ-U LLP	Kazakhstan	Production of sulphuric acid	49.00%	3,833	49.00%	3,833
KazPerOxide LLP	Kazakhstan	Sale of hydrogen peroxide	-	-	50.00%	27
JV UKR TVS CJSC	Ukraine	Production of nuclear fuel	33.33%	22	33.33%	22
KRKAS JSC	Kazakhstan	Design and technical documentation of nuclear reactors and nuclear stations	50.00%	28	50.00%	28
KAS GmbH	Germany	Development and implementation of high technology and innovative projects	50.00%	2	50.00%	2
Kazatomprom-Sorbent LLP	Kazakhstan	Supply of ion exchange resin	51.00%	122	51.00%	122
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	46%	4,015	-	-
JV Budenovskoe LLP	Kazakhstan	Extraction, processing and export of uranium products	51%	-	-	-
Total investments in joint ventures				33,883		29,895

All of the above associates are accounted for in these financial statements at cost less impairment where necessary.

26. Other Investments

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Investments available-for-sale		
Toshiba Nuclear Energy Holdings (US) Inc.	48,893	48,893
Toshiba Nuclear Energy Holdings (UK) Ltd.	17,112	17,112
Baiken-U LLP	1,021	1,021
Other	13	13
Total other investments	67,039	67,039

Investments in Toshiba Nuclear Energy Holdings (US) Inc and Toshiba Nuclear Energy Holdings (UK) Ltd

In October 2007, the Company invested into Toshiba Nuclear Energy Holdings US, Inc. (TNEH-US) and Toshiba Nuclear Energy Holdings UK Ltd (TNEH-UK), by acquiring 10% Class A ordinary shares for a total amount of USD 540,000 thousand (TNEH-US USD 400,000 thousand and TNEH-UK USD 140,000 thousand).

26. Other Investments (Continued)

Simultaneously with the acquisition of the interest in TNEH-US and TNEH-UK, the Company entered into a put option agreement (the "Put Option") with Toshiba Corporation, the parent company of TNEH-US and TNEH-UK. At the end of 2012 the Company and Toshiba Corporation signed an agreement that extended the Company's right to exercise the Put Option from 1 October until 28 February 2018. The Put Option gives the Company a right to sell its shares in TNEH-US and TNEH-UK to Toshiba Corporation for 100% of the original price paid, which equals to USD 540,000 thousand for the first 67% of shares, and for 90% of the original price paid for the remaining 33% of shares, resulting in the price of the Put Option to be equal to USD 522,180 thousand.

Simultaneously with the acquisition of the interest in TNEH-US and TNEH-UK, the Company entered into a call option agreement (the "Call Option"). The Call Option provides Toshiba Corporation with the right to demand from the Company the sale of its TNEH-UK and TNEH-US shares if the Committee on Foreign Investment in the United States (CFIUS), a US government entity, decides that the Company is no longer a strategic partner. In such case, the fair value of the Company's shares will be determined by an independent international appraiser. The Call Option was not exercised by Toshiba Corporation at 31 December 2016.

The Company has classified investments in TNEH-US and TNEH-UK as available for sale as this best reflects the intention of the Company with regard to its ability and intention to hold the investment for the long-term.

As in previous years, management could not reliably estimate the fair value of the Company's investment in shares of TNEH-US and TNEH-UK. The investment is carried at cost. The investees have not published recent financial information about their operations, their shares are not quoted and recent trade prices are not publicly accessible.

Investments in Baiken-U LLP represent 5% interest in equity. Management could not reliably estimate the fair value of the Company's investment in Baiken-U LLP. The investment is carried at cost because investee's shares are not quoted and recent trade prices are not publicly accessible.

The Company does not plan to dispose of other investments.

27. Accounts receivable

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Trade accounts receivable from related parties	4,801	9,257
Provision for impairment of accounts receivable from related parties	(4,801)	(9,257)
Total non-current accounts receivable	-	-
Trade accounts receivable	43,234	81,204
Trade accounts receivable from related parties	3,577	7,890
Total gross trade accounts receivable	46,811	89,094
Provision for impairment of accounts receivable from related parties	(117)	(117)
Total net trade accounts receivable	46,694	88,977
Other accounts receivable from related parties	114	19
Other accounts receivable	3	1
Total other accounts receivable	117	20
Total current accounts receivable	46,811	88,997

Information on the Company's exposure to credit and currency risks and provision for impairment for accounts receivable is disclosed in Note 38.

Impaired non-current accounts receivable from related parties represent receivable from Astana Solar LLP related to KazPV project. Based on impairment indications described in Note 12 management has recognised provision for impairment of non-current accounts receivable.

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28. Other Assets

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Non-current		
Advances for non-current parties	5,257	-
Restricted cash	2,724	6,240
Advances to related parties for non-current assets	511	-
Loans to employees	363	645
Dividends receivable from related parties	-	1,256
Total other non-current assets	8,855	8,141
Current		
Dividends receivable from related parties	5,916	7,513
Advances for goods and services	389	237
Due from employees	236	228
Advances to related parties for goods and services	167	281
Prepaid taxes other than income tax	50	104
Prepaid expenses	48	62
Prepaid insurance	27	19
Other assets	16	16
Total other current assets	6,849	8,460

In accordance with the terms of its subsurface use agreements, the Company places cash in long-term bank deposits to finance future site restoration activities. As of 31 December 2016, the Company held Tenge 4,189 million on the long-term deposit at Kazinvestbank JSC. Pursuant to the Decree of the Management Board of the National Bank of the Republic of Kazakhstan as of 26 December 2016, Kazinvestbank JSC license for conducting bank and other operations and activities on the capital markets was ceased. Accordingly, management believed that there is a high-degree of uncertainty around recoverability of the long-term deposit at Kazinvestbank JSC and recognised a provision for the full amount (Note 12). As at 31 December 2016, balance of restricted cash on long-term bank deposits was Tenge 2,724 million (2015: Tenge 6,240 million) net of impairment provision for long-term deposit at Kazinvestbank JSC.

29. Inventories

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Finished goods and goods for resale	85,253	64,700
Work-in-process	6,756	4,349
Other materials	272	62
Provision for obsolescence and write down to net realisable value	(900)	(83)
Total inventories	91,381	69,028

Movements in the impairment provision for inventories are as follows:

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Balance at 1 January	83	109
Provision for the year	817	12
Reversal of provision for the year	-	(38)
Balance at 31 December	900	83

30. Loans to Related Parties

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Non-current		
Kyzylkum LLP	19,151	18,033
Kazakhstan Solar Silicon LLP	4,764	6,186
Astana Solar LLP	1,500	2,250
MK KazSilicon LLP	1,253	1,730
Baiken-U LLP	-	13,099
Semizbay-U LLP	-	1,211
Provision for impairment of loans given to related parties	(7,517)	(10,166)
Total non-current loans to related parties	19,151	32,343
Current		
Kazakhstan Solar Silicon LLP	1,947	71
Astana Solar LLP	925	72
MK KazSilicon LLP	731	20
Semizbay-U LLP	-	1,211
Provision for impairment of loans given to related parties	(3,603)	-
Total current loans to related parties	-	1,374

The weighted average annual interest rate on loans to related parties in 2016 was 7.00% (2015: 7.78%).

In September 2010, the Company provided interest-bearing long-term loan to Kyzylkum LLP. In 2012 the repayment schedule was revised to extend the terms of maturity of Kyzylkum LLP loan to 2024. In 2015, JV Khorasan-U LLP, the new holder of the subsurface use contract was included as co-lender of the loan to Kyzylkum LLP. The loans are collateralised by the property of the borrowers.

In September and December 2010, the Company provided interest-bearing long-term loan to Baiken-U LLP. In 2012 the repayment schedule was revised to extend the terms of maturity of Baiken-U LLP loan to 2022. However, in September 2016 Baiken-U LLP fully repaid this loan before maturity date.

In September 2012, the Company provided a five-year loan to Semizbay-U LLP. This loan is secured by property of Semizbay-U LLP. The loan started to be paid from 2014 and in 2016 Semizbay-U LLP fully repaid this loan before maturity date.

In 2012, as part of financing of the KazPV investment project the Company provided to Astana Solar LLP, Kazakhstan Solar Silicon LLP and MK KazSilicon LLP loans in the form of separate unsecured credit lines with maturity in December 2016. In 2015 and 2016, the discount rate, repayment schedules of interest and terms of loans to Astana Solar LLP, Kazakhstan Solar Silicon LLP and MK KazSilicon LLP were revised to December 2017 – June 2019. Based on impairment indications described in Note 12 management has recognised provision for impairment of loans given as part of financing of the KazPV investment project.

31. Cash and Cash Equivalents

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Bank accounts	42,113	37,339
Demand deposits	10,666	9
Cash in hand	18	19
Total cash and cash equivalents	52,797	37,367

32. Share Capital

At 31 December 2016, the total number of authorised and issued (paid) ordinary shares of the Company is 36,784,961 (2015: 36,692,361).

All shares of the Company are owned by NWF Samruk-Kazyna JSC (Note 1), which solely and ultimately decides on dividend distribution. Each ordinary share carries one vote.

In March 2015, the Company registered an issue of 92,600 additional ordinary shares with par value of Tenge 1,000 for a total amount of Tenge 93 million. At 31 December 2015 these shares were issued (paid) by the Parent. During 2016, the Parent contributed to the Company 100% share of the entity Kazakhstan Nuclear Power Stations JSC valued at Tenge 93 million as a payment of 92,600 shares (Note 23).

Dividends declared and paid during the year were as follows:

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Dividends payable at 1 January	-	-
Dividends declared during the year	12,031	2,323
Dividends paid during the year	(12,031)	(2,323)
Dividends payable at 31 December	-	-
Dividends per share declared during the year, in Tenge	326	63

33. Loans and Borrowings

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Non-current		
Bank loans	54,624	93,164
Total non-current loans and borrowings	54,624	93,164
Current		
Bank loans	37,503	38,190
Total current loans and borrowings	37,503	38,190

During 2015 the Company obtained short term bank loans for the purpose of replenishment of working capital.

On 20 May 2010 the Company issued USD 500,000 thousand (Tenge 73,510 million) of unsecured 6.25% bonds due in 2015. Bond coupon was payable semi-annually in arrears on 20 November and 20 May starting from 20 November 2010. Bonds were issued and traded on London Stock Exchange and Kazakhstan Stock Exchange. On 20 May 2015, the Company repaid bonds for USD 500,000 thousand.

On 19 January 2015, the Company signed an agreement on unsecured syndicated loan with five banks for the total amount of USD 450 million. The purpose of the syndicated loan is to refinance bonds. The loan is repayable by equal instalments starting from September 2015 till June 2019. Covenants of the loan include restriction on significant sale and leaseback and factoring transactions by the Company as well as significant mergers, splits, amalgamations and corporate restructuring, significant acquisition and establishment of entities, except for allowed under the agreement. The Company is also required to maintain ratio of financial liabilities to EBITDA of not more than 3.5 to 1 and ratio of financial liabilities to equity of not more than 1 to 1.

33. Loans and Borrowings (Continued)

Information about the Company's loans and borrowings is presented below::

<i>In millions of Kazakhstani Tenge</i>	Currency	Maturity	2016	2015
Unsecured bank loans				
Syndicated loan	US Dollar	2019	92,127	131,354
Total unsecured bank loans			92,127	131,354
Total bank loans			92,127	131,354

In 2016, the weighted average interest on bank loans was 2.68% (2015: 2.28%)

Loan covenants

The Company's various loan agreements include covenants with banks, pursuant to which the Company must comply with laws to which it is subjected, must not create or permit any security over its assets or dispose of assets, except for the cases indicated in loan agreements, and must obtain the lenders' approval for acquisitions, mergers and disposals if any. It must also sell uranium solely to customers for non-military purposes residing in countries which have signed the Nuclear Non-Proliferation Treaty, and are members of International Atomic Energy Agency.

Additionally, the Company is subject to certain key financial covenants based on the Group's consolidated financial information, such as the debt to equity ratio, debt to EBITDA ratio and debt to net interest ratio, all calculated as defined in the various loan agreements.

Management of the Company believes that it complied with the above covenants as at 31 December 2016.

34. Provisions

<i>In millions of Kazakhstani Tenge</i>	Site restoration
At 1 January 2015	
Non-current	12,049
Total	12,049
Unwinding of discount	763
Change in estimates	(104)
At 31 December 2015	
Non-current	12,708
Total	12,708
Unwinding of discount	808
Change in estimates	(1,353)
At 31 December 2016	
Non-current	12,163
Total	12,163

34. Provisions (Continued)

Provision for restoration of mine sites

The Company estimates the site restoration costs for each field operated by the Company. The undiscounted estimated cost of reclamation activities is Tenge 20,819 million (2015: Tenge 22,501 million). The amount of provision for asset retirement obligations was calculated using current prices (the prices effective at the reporting date) for expenditures to be incurred and then inflated using the forecast inflation rate effective for the period until the settlement of obligations (6% for the period 2017-2038). The present value at 31 December 2016 has been estimated using a discount rate of 7.08% (2015: 6.70%), which is a risk free nominal rate as the future cash outflows reflect risk specific to the liability.

In view of the long-term nature of reclamation liabilities, there is uncertainty concerning the actual amount of expenses that will be incurred in performing site restoration activities for each field (Note 4).

Changes in estimates occur due to annual revision of costs for site liquidation including newly drilled wells, settlers and other facilities subject to subsequent liquidation.

In accordance with the terms of the subsurface use agreements the Company places cash in long-term bank deposits to finance future site restoration activities. As at 31 December 2016 the accumulated amount of restricted such deposits was Tenge 6,913 million (2015: Tenge 6,240 million) (Note 28).

Key assumptions, in addition to the discount rate noted above, which serve as the basis for determining the carrying value of the provision for reclamation of mine sites provision are as follows:

- there is a high probability that the Company will proceed to development and production stages for its fields which are currently under exploration. The Company publicly announced about the plans to increase number of uranium mines as a part of the Company's long-term plan. The strategic plan was approved by the Government of Kazakhstan. These facts set out a constructive obligation for the Company to recognise the site restoration provision for all mining and exploration licenses;
- the expected term for future cash outflows for the mine sites is based on the life of the mines. A substantial part of expenditures is expected to occur in 2019 - 2034, at the end of the life of the mine; and
- inflation rate – 5.13% per annum.

35. Accounts Payable

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Non-current		
Trade accounts payable	574	585
Total non-current accounts payable	574	585
Current		
Trade accounts payable to related parties	51,462	68,043
Trade accounts payable	1,315	10,349
Total trade accounts payable	52,777	78,392
Other accounts payable to related parties	20	8
Other accounts payable	59	43
Total other accounts payable	79	51
Total current accounts payable	52,856	78,443

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 38.

36. Other Liabilities

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Non-current		
Historical costs liabilities	2,333	2,980
Provision for financial guarantees	764	3,225
Total non-current other liabilities	3,097	6,205
Current		
Provision for financial guarantee	17,178	-
Accrued unused vacation payments and bonuses	1,196	1,183
Historical costs liabilities	738	769
Wages and salaries payable	187	170
Advances received	96	45
Social contributions payable	55	54
Advances received from related parties	20	45
Taxes reserve	-	601
Other liabilities	474	297
Total current other liabilities	19,944	3,164

Historical costs liabilities

In accordance with the terms of the subsurface use contracts the Company is required to reimburse the historical costs related to the geological information and other costs incurred by the Republic of Kazakhstan for exploration of the contractual territories before the transfer of subsurface use rights to the Company. In accordance with tax legislation, the historical costs are to be reimbursed to the Government via quarterly payments over a 10 year period, beginning from the date of commercial extraction of uranium. The liability represents the discounted cash flow of estimated future payments. The discount rate applied in 2016 is 3.30% for historical costs denominated in USD and 7.00% for historical costs denominated in Tenge (2015: 3.30% and 7.00%, respectively).

Provision for financial guarantees

The Company is a co-borrower and bears joint responsibility on loans obtained by subsidiaries and also is a guarantor on loans obtained by associate and joint ventures companies. The Company has recognised non-current provision for financial guarantees in the amount Tenge 764 million. Also, the Company recognised current provision for financial guarantees in amount of Tenge 17,178 million due to inability of Astana Solar LLP to repay the loan from the Bank of Tokyo Mitsubishi UFJ Ltd in the amount of Tenge 17,178 million with a maturity date of march 2017.

37. Contingencies and Commitments

Legal proceedings

From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims.

Tax legislation

The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. In particular, existing subsurface use contracts do not have tax stability from 1 January 2009 and tax liabilities are computed under common regime. This could result in unfavourable changes to subsurface users' tax positions, including those of the Company. Non-compliance with Kazakhstani law and regulations as interpreted by the Kazakhstani authorities may lead to the assessment of additional taxes, penalties and interest.

Kazakhstani tax legislation and practice is in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for five years.

37. Contingencies and Commitments (Continued)

The Company's management believes that its interpretation of the relevant legislation is appropriate and the Company's tax positions will be sustained. Detailed information on pending tax disputes and assessments is presented below in this Note. In the opinion of the Company's management, no material losses will be incurred in respect of existing and potential tax claims in excess of provision that have been made in these separate financial statements.

(a) Transfer pricing legislation

Under law on transfer pricing international transactions are subject to state control. This law prescribes Kazakhstani companies to maintain and, if required, to provide economic rationale and method of the determination of prices used in international transactions, including existence of the documentation supporting the prices and differentials. Additionally, differentials could not be applied to the international transactions with companies registered in off-shore countries. In case of deviation of transaction price from market price the tax authorities have the right to adjust taxable items and to impose additional taxes, fines and interest penalties.

Regardless of the inherent risks that the tax authorities may question transfer pricing policy of the Company, related to the new law on transfer pricing, the management of the Company believes that it will be able to sustain its position in case if transfer pricing policy of the Company will be challenged by the tax authorities. From 1 January 2009 the Company self-assesses additional income tax to reflect market prices. The amount of recognised liability for 2016 is Tenge 542 million (2015: Tenge 513 million).

In July 2015, a documentary thematic inspection on state control over transfer pricing for 2008 was completed at the Company. As a result of the inspection the Company received report and notice No. 2041 of 22 July 2015 of payment of additional corporate income tax, penalties and interest for total amount of Tenge 3,302 million including corporate income tax for Tenge 2,512 million and interest of Tenge 790 million. An administrative fine was not assessed due to statute of limitation. The Company did not agree with the notice and filed the appeal No. 0416/2964 on 3 September 2015 to State Revenue Committee of Ministry of Finance. As of 31 December 2015, management did not recognise any provisions related to the tax inspection over transfer pricing for 2008, as the Company had positive experience of appealing results of 2002-2006 tax inspection over transfer pricing in court on a similar case.

During 2016, the Committee for State Revenue of Ministry of Finance dismissed the appeal of the Company. On 20 July 2016, the Company filed an appeal with Astana Appeal Court Collegiate. On 22 September 2016, the Company's appeal was rejected. As of the date of these separate financial statements the Company has decided not to appeal further with the Supreme Court although the Company has time to appeal till 22 March 2017. During the period of the appeals, additional penalty in amount of Tenge 206 million was accrued. The Company recognised the whole amount of the additional corporate income in amount of Tenge 2,512 million within income tax expense (Note 17) and the penalty in amount of Tenge 996 million within general and administrative expenses (Note 11).

(b) Complex tax inspection of the Company

In accordance with order of Astana City tax department of 13 February 2014, NAC Kazatomprom JSC was subject to complex tax inspection covering tax liabilities for all taxes and other mandatory payments for 2009-2012. Based on the results of tax inspection (Act No. 186 of 30 December 2014), the Company was issued a notice of additional assessments for total amount of Tenge 3,035 million, including taxes for Tenge 1,735 million (including corporate income tax for Tenge 980 million, excess profit tax for Tenge 155 million, property tax for Tenge 77 million, mineral extraction tax for Tenge 234 million, commercial discovery bonus for Tenge 288 million, and other taxes for Tenge 1 million), interest for Tenge 339 million, and requirement to pay administrative fine for Tenge 961 million.

On 13 February 2015, the Company filed an appeal to State Revenue Committee of Ministry of Finance on disagreement of the inspection findings. On 18 January 2016, the Company received Notice No. 186/1 on results of the appeal on the tax inspection results for total amount of Tenge 1,215 million including corporate income tax for Tenge 522 million, excess profit tax for Tenge 91 million, commercial discovery bonus for Tenge 288 million, property tax for Tenge 77 million, mineral extraction tax for Tenge 21 million, withholding tax for Tenge 1 million and interest for Tenge 215 million. In accordance with the amendments to Article 396 of the Tax Code of the Republic of Kazakhstan, the Company accrued additional property tax on the mine development assets for Tenge 77 million and mineral extraction tax for Tenge 21 million.

On 5 March 2016, the Company filed a case with the Specialised Interregional Economic Court of Astana against Notice No. 186/1 on additional assessment of taxes for Tenge 901 million, including corporate income tax for Tenge 522 million, excess profit tax for Tenge 91 million and commercial discovery bonus for Tenge 288 million.

On 27 April 2016, the court decided to dismiss the Company's case against the Astana City State Revenue Department. On 18 May 2016, the Company filed an appeal with Appeal Collegiate of Astana City Court. On 22 June 2016, the Appeal Collegiate of Astana City Court made a decision to dismiss the appeal and the Company decided not to appeal to the Supreme Court. The Company recognised a liability (Tenge 1,598 million) for these assessments including taxes, penalty and interest in 2015, therefore the latest developments did not have impact on these separate financial statements.

37. Contingencies and Commitments (Continued)

Privatisation

In 2014, the Government of Kazakhstan issued a decree on privatization of certain non-core assets. According to this decree, the Company was recommended to dispose of interests in six subsidiaries and associates in 2014-2016. In 2015, the government of Kazakhstan approved target indicators for implementation of 2016-2020 privatisation plan. The plan envisages privatization of additional sixteen insignificant entities.

According to the privatisation plan, the Company plans sale of JV KT Rare Metals Company LLP and Kyzyltu LLP in 2017. As at 31 December 2016 there was a high feasibility of sales of these entities. Accordingly, the Company recognised assets and liabilities of disposal groups classified as held for sale.

Insurance

The Kazakhstani insurance industry is in development, and many forms of insurance protection common in other countries are not yet available.

The Company does not have full insurance coverage for its manufacturing plants, including for damages caused by the stoppage of production or obligations incurred to third parties in connection with damages caused to the property or the environment resulting from accidents or operations.

Guarantees

Guarantees are irrevocable assurances that the Company will make payments in the event that another party cannot meet its obligations. The maximum exposure to credit risk for financial guarantees given to secure financing of certain related parties at the reporting date is Tenge 55,127 million (2015: Tenge 106,385 million).

Compliance with covenants

The Company is subject to certain covenants related primarily to its loans and borrowings (Note 33). Non-compliance with such covenants may result in negative consequences for the Company including growth in the cost of borrowings. The Company was in compliance with covenants at 31 December 2016 and 31 December 2015.

Memoranda with South-Kazakhstan and Kyzylorda regions akimats

In December 2014, the Company signed with South Kazakhstan and Kyzylorda akimats memoranda on cooperation within the 2015-2016 socio-economic development framework. In accordance with those memoranda social facilities owned by the Company's subsidiary and associate were expected to be transferred to public ownership and financed by the Company for Tenge 3.6 billion in 2015-2016. In 2015, the Company transferred social facilities free of charge to public ownership and paid Tenge 1.6 billion.

In accordance with the memoranda on cooperation within social and economic development framework of South Kazakhstan and Kyzylorda regions, the Company transferred Tenge 3.1 billion in 2016, including Tenge 800 million for construction works, Tenge 1.5 billion for maintenance of fixed assets, and 800 million for financing. As the memoranda is not legally binding agreement, as of 31 December 2016, the Company did not recognise any provision on contribution to social and economic development framework of South Kazakhstan and Kyzylorda regions.

Subsurface use commitments

The Company has capital commitments of Tenge 4,534 million under subsurface use contracts annual minimum working programs approved for 2017 (2016: Tenge 4,967 million).

Significant planned transactions

(a) Agreement with Cameco

In 2016, the Company and Canadian Cameco Corporation which owns 60% of interest in JV Inkai LLP, signed a restructuring agreement. The agreement stipulates further development of joint projects for next 30 years at JV Inkai LLP, namely, prolongation of subsoil use contract term and increase of the Company's interest in JV Inkai LLP from 40% to 60%. The agreement also stipulates the terms on creation of a joint affintage production. Increase in production volume and redistribution of interest is expected from 2019. This transaction does not have impact on the separate financial statements for 2016, but will have significant impact in future.

37. Contingencies and Commitments (Continued)

(b) Agreement with Uranium One Inc.

In October 2016, the Russian Rosatom Corporation, the Ministry of Energy of the Republic of Kazakhstan and the Company signed a memorandum of understanding and increase of strategic cooperation in nuclear fuel cycle. As a development to this memorandum, the Company and Uranium One Inc., which is part of the international uranium producing division of Rosatom Corporation, signed an agreement on further development of Karatau LLP. This transaction does not have impact on the separate financial statements for 2016, but will have significant impact in future.

(c) Corporate claims

In 2006, NAC Kazatomprom JSC sold 95% and 40% of interest in Baiken-U LLP and Kyzylkum LLP, respectively, as a result of which the Company lost control (under IFRS) over these entities. There is a court claim filed by NAC Kazatomprom JSC in an offshore jurisdiction for recognition of its rights for shares in an offshore-based entity that owns certain portion of interest in Baiken-U LLP and Kyzylkum LLP. As at 31 December 2016, Kyzylkum LLP is recognised as investment in associate (Note 24) and Baiken-U LLP as other investment (Note 26). Full disclosure of this confidential matter is not provided in these separate financial statements. Disclosure of such information may seriously prejudice the position of the Company in litigation/negotiation process with interested parties. Currently, the resolution of this matter is in the process. Management believes that the Company does not have any material liabilities or contingent liabilities as a result of this matter.

38. Financial Risk Management

Accounting policies and disclosures in respect of financial instruments are applied to the following classes of financial instruments:

<i>In millions of Kazakhstani Tenge</i>	Note	2016	2015
Financial assets			
Other investments	26	67,039	67,039
Demand deposits	31	54,865	9
Trade accounts receivable	27	46,694	88,977
Bank accounts	31	42,113	37,339
Loans to related parties	30	19,151	33,717
Dividends receivable from related parties	28	5,916	8,769
Restricted cash	28	2,724	6,240
Loans to employees	28	363	645
Other accounts receivable	27	117	20
Cash in hand	31	18	19
Total financial assets		239,000	242,774
Financial liabilities			
Bank loans	33	92,127	224,518
Trade accounts payable	35	53,351	78,977
Financial guarantees		17,942	3,225
Historical costs liabilities	36	3,071	3,749
Other accounts payable	35	79	51
Total financial liabilities		166,570	310,520

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. Risk management policies and systems are regularly analysed for the need of revision due to changes in market conditions and the Company operations. The Company sets standards and training and management procedures to create streamlined and effective system of controls where all employees understand their roles and responsibilities. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks.

37. Financial Risk Management (Continued)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's policy for management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

Credit risk

The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. Financial assets, which potentially expose the Company to credit risk, consist mainly of trade and other receivables, cash and cash equivalents, term deposits and loans to employees and related parties.

The Company's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the statement of financial position.

The credit risk on cash and cash equivalents and term deposits is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The table below shows credit ratings of banks where the Company had placements as at 31 December 2016:

<i>In millions of Kazakhstani Tenge</i>	Rated Standard & Poor's B	Total
Term deposits	44,199	44,199
Bank accounts	42,113	42,113
Demand deposits	10,666	10,666
Restricted cash	2,724	2,724
Total	99,702	99,702

The table below shows credit ratings of banks where the Company had placements as at 31 December 2015:

<i>In millions of Kazakhstani Tenge</i>	Rated Standard & Poor's B	Total
Bank accounts	37,339	37,339
Restricted cash	6,240	6,240
Term deposits	9	9
Total	43,588	43,588

The Company's exposure to credit risk in respect of trade accounts receivable is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Company is exposed to concentrations of credit risk. In 2016, approximately 79% of the Company's revenue (40% of trade accounts receivable) is attributable to sales transactions with six main customers as at 31 December 2016. The Company defines counterparties as having similar characteristics if they are related entities.

The Company applies a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

The Company does not require collateral in respect of trade and other receivables.

37. Financial Risk Management (Continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

<i>In millions of Kazakhstani Tenge</i>	2016	2015
China	24,404	37,360
USA	10,853	23,096
European Union	2,227	15,910
Kazakhstan	3,511	7,774
Japan	-	2,725
Other	5,699	2,112
Total	46,694	88,977

The most significant clients of the Company are China Nuclear Energy Industry Corporation, TradeTech Energy LLC, Exelon Generation Company LLC, Electricite de France, Urangesellschaft mbH. As at 31 December 2016, the cumulative balance receivable from these clients was Tenge 34,821 million (2015: Tenge 73,707 million).

The average credit period taken on sales of goods is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at the refinancing rate set by the National Bank of the Republic of Kazakhstan (2016: 5.5%; 2015: 5.5%) on the outstanding balance. Allowances against doubtful debts are recognised against trade receivables between 30 days and 120 days and over 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

As at reporting date, the ageing of the trade accounts receivable was as follows:

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Not past due and not impaired	46,694	88,977
Past due but not impaired		
Past due for more than 120 days	4,918	9,374
Total past due but not impaired	4,918	9,374
Impairment	(4,918)	(9,374)
Total	46,694	88,977

Balances not past due and not impaired relate to a number of independent customers for whom there is no recent history of delay in payments. The provision for impairment is recognised for receivables with delays in collection.

During the reporting period, the movement on the provision for doubtful debts was as follows:

<i>In millions of Kazakhstani Tenge</i>	
Provision at 1 January 2015	(52)
Provision for the year	(9,322)
Provision at 31 December 2015	(9,374)
Provision for the year	4,456
Provision at 31 December 2016	(4,918)

37. Financial Risk Management (Continued)

Credit risk exposure in respect of loans to related parties (Note 30) and loans to employees (Note 28) arises from possibility of non-repayment of extended funds. For loans to joint ventures and associates and employees the Company manages the credit risk by requirement to provide collateral in lieu of borrowers' property. In respect of loans given to subsidiaries the Company decreases the risk via participation in cash flow management of the borrowers. Borrowers do not have a credit rating.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by the Department of corporate finance and treasury of the Company. Management monitors monthly rolling forecasts of the Company's cash flows.

The Company seeks to maintain a stable funding base primarily consisting of borrowing, trade and other payables and debt securities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expense of financial obligations which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Below is a summary of the Company's undrawn borrowing facilities and available cash and cash equivalents, including term deposits, which are the important instruments in managing the liquidity risk:

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Undrawn borrowing facilities	42,258	49,610
Bank accounts	42,113	37,339
Current deposits	10,666	9
Total	95,037	86,958

The table below shows liabilities at the reporting date by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The following are the contractual maturities of financial liabilities at 31 December 2016:

<i>In millions of Kazakhstani Tenge</i>	Carrying value	Contractual cash flows	On demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years
Bank loans	92,127	98,743	230	9,834	29,771	58,908	-
Trade accounts payable	53,351	53,351	-	52,777	-	574	-
Provision for financial guarantees	17,942	17,942	-	17,178	-	764	-
Historical costs liabilities	3,071	3,554	-	185	554	2,781	34
Other accounts payable	79	79	-	79	-	-	-
Total	166,570	173,669	230	80,053	30,325	63,027	34

37. Financial Risk Management (Continued)

The following are the contractual maturities of financial liabilities at 31 December 2015:

<i>In millions of Kazakhstani Tenge</i>	Carrying value	Contractual cash flows	On demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years
Bank loans	131,354	138,502	286	10,120	30,843	97,253	-
Trade accounts payable	78,977	78,977	-	78,392	-	585	-
Provision for financial guarantees	3,749	4,366	-	190	569	3,104	503
Historical costs liabilities	3,225	3,225	-	-	2,461	764	-
Other accounts payable	51	51	-	51	-	-	-
Total	217,356	225,121	286	88,753	33,873	101,706	503

Maximum contractual cash outflows under guarantees is disclosed in Note 37.

Market risk

The Company takes on exposure to market risks. Market risk is the risk that changes in market prices will have a negative impact on the Company's income or the value of its financial instrument holdings. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. The objective of market risk management is to monitor and control market risk exposures within acceptable limits, while optimising the return on investments. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings denominated in currencies other than the functional currency.

Borrowings are denominated in currencies that match the cash flows generated by operating entities in the Company. Therefore, in most cases, economic hedging is achieved without derivatives.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by planning future expenses taking into consideration the currency of payment.

The Company is mainly exposed to the risk of USD currency fluctuations. The Company's exposure to currency risk was as follows:

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Denominated in US Dollars		
Trade accounts receivable	43,235	81,204
Cash and cash equivalents	37,891	36,782
Loans to related parties	19,151	31,132
Other assets	10	-
Total assets	100,287	149,118
Bank loans	(92,127)	(131,354)
Trade accounts payable	(836)	(733)
Other financial liabilities	(1,946)	(2,510)
Total liabilities	(94,909)	(134,597)
Net exposure to currency risk	5,378	14,521

37. Financial Risk Management (Continued)

A 13% weakening and 13% strengthening of Tenge against USD as at 31 December 2016 (2015: 60% and 20%) would increase (decrease) equity and profit or loss by the amounts shown below.

<i>In millions of Kazakhstani Tenge</i>	2016	2015
US Dollar strengthening by 13% (2015: 60%)	559	6,970
US Dollar weakening by 13% (2015: 20%)	(559)	(2,323)

(13%)/13% (2015:60%/20%) change of Tenge against USD represents the reasonably possible change in market risk estimated by analysing annual standard deviations based on the historical market data for 2016 and 2015.

Price risk on the uranium products

The Company is exposed to the effect of fluctuations in the price of uranium, which is quoted in USD on the international markets. The Company prepares an annual budget based on future uranium prices.

Uranium prices historically fluctuate and are affected by numerous factors outside of the Company's control, including, but not limited to:

- demand for uranium used as fuel by nuclear electric stations;
- depleting levels of secondary sources such as recycling and blended down highly enriched stocks available to close the gap of the excess demand over supply;
- impact of regulations by International Atomic Energy Agency;
- other factors related specifically to uranium industry.

At the end of the reporting period there was no significant impact of commodity price risk on the Company's financial assets and financial liabilities.

Interest rate risk

Changes in interest rates impact loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (floating rate debt).

At the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or a floating rate would be more favourable to the Company over the expected period until maturity.

As at 31 December 2016, the Company has no borrowings with a fixed interest rate (2015: none).

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

<i>In millions of Kazakhstani Tenge</i>	2016	2015
<i>Fixed rate instruments</i>		
Loans to related parties	19,151	33,717
Net position	19,151	33,717
<i>Floating rate instruments</i>		
Bank loans	(92,127)	(131,354)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss. However, fixed rate financial assets and financial liabilities are exposed to fair value risk from change in interest rates. Reasonably possible changes in interest rates do not significantly affect fair values of those financial assets and financial liabilities.

37. Financial Risk Management (Continued)

Future cash flows sensitivity analysis for floating rate instruments

An increase (decrease) of 60 (8) basis points (2015: increase of 50 and decrease of 12 basis points) in interest rates at the reporting date would have (decreased) increased equity and profit or loss by the amounts shown below, represents management's assessment of reasonably possible changes in the interest rates based upon current interest rates and the current economic environment. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and that balances due were outstanding for the year.

<i>In millions of Kazakhstani Tenge</i>	2016	2015
Increase of 60 basis points (2015: 50 basis points)	(442)	(525)
Decrease of 8 basis points (2015: 12 basis points)	59	126

Fair values versus carrying amounts

With the exception of instruments specified in the following table, the Company believes that the carrying value of financial assets and financial liabilities are recognised in the financial statements approximate their fair value due to their short-term nature.

<i>In millions of Kazakhstani Tenge</i>	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Bank loans	92,127	92,127	131,354	131,354
Historical costs liabilities	3,071	3,554	3,749	3,380
Total	95,198	95,681	135,103	134,734

In assessing fair values, management used the following major methods and assumptions: (a) for interest free financial liabilities and financial liabilities with fixed interest rate, financial liabilities were discounted at effective interest rate which approximates the market rate; (b) for financial liabilities with floating interest rate, the fair value is not materially different from the carrying amount because the effect of the time value of money is immaterial.

Capital management

The Company's policy is to maintain a strong capital base so as to safeguard the Company's ability to continue as a going concern, to maintain investor, creditor and market confidence, to provide returns for shareholder, to maintain an optimal capital structure to reduce the cost of capital, and to sustain future development of the business. Capital includes all capital and reserves of the Company.

The Company monitors the following indicators:

- financial stability, or measures of loan management, determining the degree of borrowing funds utilisation; and
- profitability, determining cumulative effects of liquidity, asset and capital management as a result of business activities.

The Shareholder of the Company adopted a new policy on borrowings and financial stability in order to identify common principles and rules of fundraising for non-financial organisations.

In order to evaluate the financial stability of the Company, the following key financial ratios are used:

- the debt to equity ratio of not greater than 1;
- the debt ratio to earnings before interest, taxes, depreciation and amortization (Debt/EBITDA) of not greater than 3.5.

The Company has complied with all externally imposed capital requirements throughout 2016 and 2015 including covenants (Note 33).

39. Fair Value of Financial Instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Assets and liabilities not measured at fair value but for which fair value is disclosed

Estimates of all assets and liabilities not measured at fair value but for which fair value is disclosed, except bonds, are level 3 of the fair value hierarchy. Estimate of bonds is level 1 measurement.

The fair values in level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

Financial assets carried at amortised cost

The fair value of floating rate instruments is normally their carrying amount. Estimate of all financial assets carried at amortised cost is level 3 measurement. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortised cost

The fair value of Eurobonds was based on quoted market prices. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The discount rates used ranged from 3.3% p.a. to 6.3% p.a. depending on the length and currency of the liability.

40. Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IAS 39 "Financial Instruments: Recognition and Measurement", classifies financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss have two sub-categories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading. In addition, finance lease receivables form a separate category. All of the Company's financial assets fall in the loans and receivables category except other investments. Other investments belong to available-for-sale measurement category.

All of the Company's financial liabilities were classified in other financial liabilities category.

41. Events After the Reporting Period

On 22 February 2017, the National Bank made a state registration of the Company's 265,983 ordinary shares issue with par value of Tenge 1,000. Thus, as of the date of these financial statements the total number of authorised ordinary shares is 37,050,944, including (1) 36,784,961 issued (paid) shares, and (2) 265,983 shares to be paid.