JSC National Atomic Company Kazatomprom

International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor's Report

31 December 2014

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

We have audited the accompanying consolidated financial statements of National Atomic Company Kazatomprom JSC and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

PricewaterhouseCoopers LLP, 34 Al-Farabi Ave., 050059 Almaty, Kazakhstan
T: +7 (727) 330 3200, www.pwc.com/kz

Independent Auditor's Report (continued)

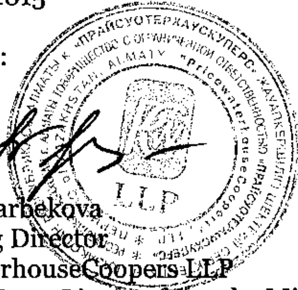
Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of National Atomic Company Kazatomprom JSC and its subsidiaries as at 31 December 2014, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Almaty, Kazakhstan
6 March 2015

Approved:

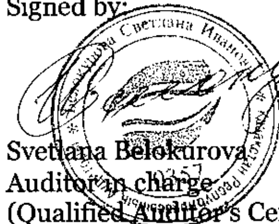


Dana Inkarbekova
Managing Director
PricewaterhouseCoopers LLP
(General State Licence from the Ministry of Finance of the Republic of Kazakhstan №0000005 of 21 October 1999)

Signed:

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

Signed by:

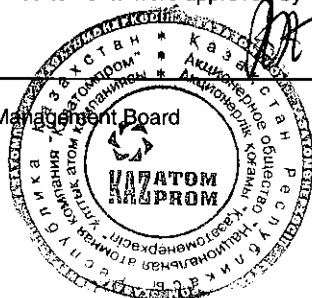


Svetlana Belokurova
Auditor in charge
(Qualified Auditor's Certificate №0000357 dated 21 February 1998)

JSC National Atomic Company Kazatomprom
Consolidated Statement of Profit or Loss and Other Comprehensive Income

In millions of Kazakhstani Tenge	Note	2014	2013
Revenue	9	322,745	288,283
Cost of sales	10	(258,616)	(229,905)
Gross profit		**64,129**	**58,378**
Distribution expenses	11	(4,461)	(3,960)
General and administrative expenses	12	(19,884)	(29,302)
Reversal of impairment of assets	13	112	882
Impairment losses	13	(5,714)	(20,851)
Gain on settlement of financial liability and disposal of subsidiary	43	208	23,930
Net foreign exchange loss	15	(18,300)	(1,954)
Other income	14	2,152	2,971
Other expenses	15	(3,476)	(6,294)
Finance income	17	5,554	4,603
Finance costs	17	(9,844)	(8,247)
Share of results of associates		12,338	13,528
Share of results of joint ventures		(3,125)	10,123
Profit before tax		**19,689**	**43,807**
Income tax expense	18	(4,440)	(7,275)
PROFIT FOR THE YEAR		**15,249**	**36,532**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		1,860	628
Share in other comprehensive income of equity method investments		270	-
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		(50)	-
Other comprehensive income for the year		**2,080**	**628**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,329**	**37,160**
Profit for the year attributable to:			
- Owners of the Company		15,489	35,904
- Non-controlling interest		(240)	628
Profit for the year		**15,249**	**36,532**
Total comprehensive income attributable to:			
- Owners of the Company		17,672	36,532
- Non-controlling interest		(343)	628
Total comprehensive income for the year		**17,329**	**37,160**
Earnings per share from continuing operations, basic and diluted (rounded to Tenge)	19	422	979

These consolidated financial statements were approved by management on 6 March 2015:



Arifkhanov A.A.
Deputy Chairman of the Management Board

Kaliyeva Z.G.
Chief Accountant

The accompanying notes are an integral part of these consolidated financial statements.

JSC National Atomic Company Kazatomprom
Consolidated Statement of Financial Position

In millions of Kazakhstani Tenge	Note	2014	2013
ASSETS			
Non-current assets			
Intangible assets	20	7,290	7,206
Property, plant and equipment	21	147,518	136,856
Mine development assets	22	32,623	33,719
Mineral rights	23	2,625	2,710
Exploration and evaluation assets	24	8,717	6,067
Investments in associates	25	96,708	86,337
Investments in joint ventures	26	37,529	47,481
Other investments	27	67,052	67,055
Accounts receivable	28	1,047	726
Deferred tax assets	18	835	2,447
Term deposits	32	1,971	970
Loans to related parties	33	20,362	18,192
Other non-current assets	30	33,326	37,389
		457,603	**447,155**
Current assets			
Accounts receivable	28	56,049	32,917
Prepaid income tax		10,490	4,856
Value-added tax		31,102	31,218
Inventories	31	70,790	60,370
Term deposits	32	2,566	1,627
Loans to related parties	33	1,224	1,342
Cash and cash equivalents	34	29,432	17,152
Other current assets	30	6,495	6,942
		208,148	**156,424**
Non-current assets held for sale		246	168
		208,394	**156,592**
TOTAL ASSETS		**665,997**	**603,747**
EQUITY			
Share capital	35	36,692	36,692
Additional paid-in capital		4,785	4,785
Foreign currency translation reserve		1,558	(405)
Retained earnings		363,590	353,267
Equity attributable to shareholders of the Company		406,625	394,339
Non-controlling interest	41	12,128	12,452
TOTAL EQUITY		**418,753**	**406,791**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	36	14,671	90,868
Accounts payable	38	315	2,361
Provisions	37	16,902	15,724
Deferred tax liabilities	18	4,604	3,708
Employee benefits		1,460	882
Other liabilities	39	4,949	6,331
		42,901	**119,874**
Current liabilities			
Loans and borrowings	36	122,401	29,803
Provisions	37	98	98
Accounts payable	38	63,244	31,764
Other tax and compulsory payments liabilities		7,012	3,539
Employee benefits		131	233
Income tax liabilities		117	1,045
Other current liabilities	39	11,340	10,600
		204,343	**77,082**
TOTAL LIABILITIES		**247,244**	**196,956**
TOTAL EQUITY AND LIABILITIES		**665,997**	**603,747**

These consolidated financial statements were approved by management on 6 March 2015:

Arifkhanov A.A.
Deputy Chairman of the Management Board

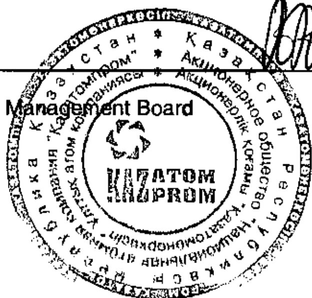
Kaliyeva Z.G.
Chief Accountant

The accompanying notes are an integral part of these consolidated financial statements.

JSC National Atomic Company Kazatomprom
Consolidated Statement of Cash Flows

In millions of Kazakhstani Tenge	2014	2013
OPERATING ACTIVITIES		
Cash receipts from customers	343,498	372,166
Interest received (Note 17)	1,503	866
Payments to suppliers	(248,515)	(281,040)
Payments to employees	(37,934)	(37,585)
Cash flows from operating activities	**58,552**	**54,407**
Income tax paid	(4,748)	(10,971)
Interest paid	(7,330)	(6,599)
Cash flows from operating activities	**46,474**	**36,837**
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(20,988)	(24,584)
Proceeds from disposal of property, plant and equipment	200	113
Advance paid for property, plant and equipment	(1,419)	(2,467)
Acquisition of intangible assets	(232)	(396)
Acquisition of mine development assets	(12,092)	(13,757)
Acquisition of exploration and evaluation assets	(1,758)	(105)
Proceeds from disposal of subsidiary (Note 43)	1,201	-
Placement of term deposits	(5,955)	(3,192)
Redemption of term deposits	2,931	5,573
Repayment of loans to related parties	1,211	-
Acquisition of investments in associates and joint ventures	(7,055)	(20,156)
Dividends received from associates, joint ventures and other investments (Note 8)	20,459	23,352
Other	1,513	(555)
Cash flows used in investing activities	**(21,984)**	**(36,174)**
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	80,749	69,430
Repayment of loans and borrowings	(88,715)	(51,939)
Contributions to capital	245	1
Dividends paid to the shareholder (Note 35)	(5,386)	(19,388)
Dividends paid to non-controlling interest	(171)	(148)
Payment for settlement of financial liability (Note 43)	-	(19,973)
Other	(37)	(9)
Cash flows used in financing activities	**(13,315)**	**(22,026)**
Net increase/(decrease) in cash and cash equivalent	**11,175**	**(21,363)**
Cash and cash equivalents at the beginning of the year	17,152	38,039
Effect of exchange rate fluctuations on cash and cash equivalents	1,105	476
Cash and cash equivalents at the end of the year (Note 34)	**29,432**	**17,152**

These consolidated financial statements were approved by management on 6 March 2015:



Arifkhanov A.A.
Deputy Chairman of the Management Board

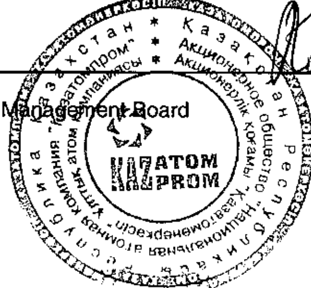
Kaliyeva Z.G.
Chief Accountant

The accompanying notes are an integral part of these consolidated financial statements.

JSC National Atomic Company Kazatomprom
Consolidated Statement of Changes in Equity

In millions of Kazakhstani Tenge	Attributable to the shareholder of the Company						
	Share capital	Foreign currency translation reserve	Retained earnings	Additional paid-in capital	Total	Non-controlling interest	Total equity
Balance at 1 January 2013	**36,692**	**(1,033)**	**325,000**	**4,785**	**365,444**	**11,912**	**377,356**
Profit for the year	-	-	35,904	-	35,904	628	36,532
Foreign currency translation gain	-	628	-	-	628	-	628
Total comprehensive income for the year	**-**	**628**	**35,904**	**-**	**36,532**	**628**	**37,160**
Dividends declared	-	-	(7,637)	-	(7,637)	(205)	(7,842)
Change in non-controlling interest	-	-	-	-	-	117	117
Balance at 31 December 2013	**36,692**	**(405)**	**353,267**	**4,785**	**394,339**	**12,452**	**406,791**
Profit for the year	-	-	15,489	-	15,489	(240)	15,249
Foreign currency translation gain	-	1,963	-	-	1,963	(103)	1,860
Remeasurements of post-employment benefit obligations	-	-	(50)	-	(50)	-	(50)
Share of other comprehensive income in equity method investments	-	-	270	-	270	-	270
Total comprehensive income for the year	**-**	**1,963**	**15,709**	**-**	**17,672**	**(343)**	**17,329**
Dividends declared	-	-	(5,386)	-	(5,386)	(225)	(5,611)
Contributions to capital	-	-	-	-	-	245	245
Change in non-controlling interest	-	-	-	-	-	(1)	(1)
Balance at 31 December 2014	**36,692**	**1,558**	**363,590**	**4,785**	**406,625**	**12,128**	**418,753**

These consolidated financial statements were approved by management on 6 March 2015:



Arifkhanov A.A.
Deputy Chairman of the Management Board

Kaliyeva Z.G.
Chief Accountant

1. Kazatomprom Group and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2014 for JSC National Atomic Company Kazatomprom (the "Company") and its subsidiaries (hereafter collectively referred to as "the Group" or JSC NAC Kazatomprom).

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"). The Company's registered address is 10 Kunayev Street, Astana, the Republic of Kazakhstan. The principal place of business is Kazakhstan.

The Group's principal activities are production of uranium and sale of uranium products. The Group is one of leading uranium producing companies of the world. Besides, the Group is 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 beginning stages of the nuclear fuel cycle. The Group is a participant of a number of associates and joint ventures which generate significant portion of its current and prospective sources of revenue (Notes 25 and 26). The development strategy of the Group is to retain leading positions in the global uranium market as well as diversification of the Group operations into all stages of a front-end nuclear fuel cycle and related high technology production.

In 2014 the Group finalised merger of Gornorudnaya Company LLP, the Group's subsidiary, with the Company. As a result of the restructuring the Company became a subsurface user of contracts on development and exploration of uranium which were previously owned by Gornorudnaya Company LLP. From June to October of 2014 the Company was also a subsurface user of contracts on development of uranium at Akdala, Inkai (lot 4), and North Kharasan (lot Kharasan-1) mines (Note 22). As at 31 December 2014 the Group 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	TGHP LLP
Uvanas	Production	27.11.1996	25 years	Company	Stepnoe RU LLP
Mynkuduk, East lot	Production	27.11.1996	25 years	Company	Stepnoe RU LLP
Moinkum, lot 1 (South) (south part)	Production	26.09.2000	20 years	Company	TGHP LLP
Mynkuduk, Central lot	Production	08.07.2005	28 years	Company	DP Ortalyk LLP
Mynkuduk, West lot	Production	30.07.2005	30 years	Appak LLP	-
North and South Karamurun	Production	27.11.1996	20 years	Company	Rudoupravleniye 6 LLP
Moinkum, lot 3 (Central) (north part)*	Exploration and production	31.05.2010	29 years	Company	TGHP LLP
Zhalpak**	Exploration	31.05.2010	4 years	Company	Stepnoe RU LLP

** - Exploration stage initially covered 4 years. In 2014 the Company applied to the competent authority for extension of exploration stage for 2 years, till 2016.*
*** - In 2014 the Company applied to the competent authority for extension of exploration stage for 4 years, till 2018.*

In 2014 the Government of the Republic of Kazakhstan adopted a resolution on transfer of a number of the Group's entities into a competitive environment (Note 40) pursuant to which the Group sold its share in Kazgeomash LLP. The Group also sold 100% of shareholding in Aktaugazservice, a subsidiary of MAEK-Kazatomprom LLP, in April 2014 (Note 43).

At 31 December 2014 JSC NAC Kazatomprom comprises more than 70 entities located in 6 regions of Kazakhstan: South Kazakhstan region, East Kazakhstan region, Kyzylorda region, Mangistau region, Akmola region and Almaty region. At 31 December 2014, aggregate number of employees of the Group exceeded 27 thousand (2013: 26 thousand) people.

2. Operating Environment of the Group

Kazakhstan economy displays certain characteristics of an emerging market. Its economy is particularly sensitive to prices for mineral resources. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations (Note 40).

The ongoing uncertainty and volatility of the financial markets, in particular in Europe and Russian Federation, and other risks could have significant negative effects on financial and corporate sectors in Kazakhstan. Management assessed possible impairment of the Group's non-current assets by considering the current economic environment and outlook. Refer to Note 4. The future economic and regulatory situation may differ from management's current expectations.

3. Summary of Significant Accounting Policies

Basis of preparation

These consolidated 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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (Note 5).

Presentation currency

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

Consolidation

(i) Consolidated financial statements

Subsidiaries are those 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. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

3. Summary of Significant Accounting Policies (Continued)

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

(ii) Purchases and sales of non-controlling interests

The Group applies the economic entity model to account for transactions with owners of non-controlling interest in transactions that do not result in a loss of control. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

(iii) Purchases of subsidiaries from parties under common control

Purchases of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method the consolidated financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented or, if later, the date when the combining entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts.

The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to retained earnings within equity.

(iv) Associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(v) Joint arrangements

The Group is a party of joint arrangement when it exercises joint control over arrangement by acting collectively with other parties and decisions about the relevant activities require unanimous consent of the parties sharing control. The joint arrangement is either a joint operation or a joint venture depending on the contractual rights and obligations of the parties to the arrangement.

3. Summary of Significant Accounting Policies (Continued)

In relation to interest in joint operations the Group recognises: (i) its assets, including its share of any assets held jointly, (ii) liabilities, including its share of any liabilities incurred jointly, (iii) revenue from the sale of its share of the output arising from the joint operation, (iv) its share of the revenue from the sale of the output by the joint operations, and (v) its expenses, including its share of any expenses incurred jointly.

The Group's interests in joint ventures are accounted for using the equity method and are initially recognised at cost. Dividends received from joint ventures reduce the carrying value of the investment in joint ventures. Other post-acquisition changes in the Group's share of net assets of joint ventures are recognised as follows: (i) the Group's share of profits or losses of joint ventures is recorded in the consolidated profit or loss for the year as share of result of joint ventures, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) other changes in the Group's share of the carrying value of net assets of joint ventures are recognised in profit or loss within the share of result of joint ventures.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. The Group's share of joint venture's other comprehensive income or loss is recognised in other comprehensive income in the Group's consolidated financial statements.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(vi) Disposals of subsidiaries, associates or joint ventures

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

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.

3. Summary of Significant Accounting Policies (Continued)

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.

(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 Group 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 Group 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.

3. Summary of Significant Accounting Policies (Continued)

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 Group 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 Group 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 Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group 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 Group'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.

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.

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.

3. Summary of Significant Accounting Policies (Continued)

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 Group 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:

	Useful lives in years
Buildings	10 to 45
Machinery and equipment	2 to 20
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 Group 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.

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 binding of the well with surface communications and measurement instrumentation equipment, cost of ion-exchange resin, estimated cost of 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 Group'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.

3. Summary of Significant Accounting Policies (Continued)

(ii) Amortisation of intangible assets

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

	Useful lives in years
Licences and patents	4 to 16
Software	3 to 6
Other	2 to 7

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) Goodwill

Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

(iv) 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 Group 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 Group 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 Group 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 drilling of pits 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 Group'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 extracting uranium 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 Group does not amortise exploration and evaluation assets before commercial reserves (proved or commercial reserves) are found.

Exploration and evaluation assets are tested by the Group 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 Group should test its exploration and evaluation assets for impairment (the list is not exhaustive):

- the period for which the Group 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 Group 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

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, 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 Group determines the recoverable amount of the cash-generating unit to which the asset belongs. 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.

3. Summary of Significant Accounting Policies (Continued)

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 consolidated 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 Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, 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 Group. 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 Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group 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 Group'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. 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.

3. Summary of Significant Accounting Policies (Continued)

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, direct labour, other direct costs and related production overheads (based on the normal operating capacity) 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 Group 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 Group 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 Group 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.

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 Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. 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.

3. Summary of Significant Accounting Policies (Continued)

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 Group's 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 consolidated 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. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition. 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 consolidated 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 consolidated balance sheet date is stated on a net basis for each tax payer. 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.

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 Group 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.

3. Summary of Significant Accounting Policies (Continued)

The Group 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 Group'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 Group 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 Group's provisions include site restoration, environment protection and other provisions (Note 37).

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 Group 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 Group 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. Where the Group enters into contracts to guarantee the indebtedness of associates, joint ventures and other related entities, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

Foreign currency translation

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

3. Summary of Significant Accounting Policies (Continued)

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates are recognised in profit or loss. Translation at year-end does not apply to non-monetary items that are carried at historic costs.

Loans between Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognized in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognised in other comprehensive income.

The results and financial position of each Group entity are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated at the closing rate at the end of the respective reporting period;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- components of equity are translated at the historic rate; and
- all resulting exchange differences are recognised in other comprehensive income.

When control over a foreign operation is lost, the exchange differences recognised previously in other comprehensive income are reclassified to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

At 31 December 2014, the principal rate of exchange used for translating foreign currency balances was USD 1 = Tenge 182.35 (2013: USD 1 = Tenge 153.61).

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 Group 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.

Revenues from sale of electricity, heating power and hot water are recognised by the accrual method based on supply of electricity, heating power and hot water. Revenue from electricity transmission services is recognised on the basis of actual electricity volume transmitted within the reporting period based on metering data. Revenue amount is determined based on the tariffs for the relevant services approved by the competent authorities and metering data and approved rates of consumption.

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

3. Summary of Significant Accounting Policies (Continued)

Employee benefits

(i) Long-term employee benefits

The Group entities provide 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 to the Group's employees. 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 Group 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 Group'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.

(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 Group. In accordance with the legal requirements of the Republic of Kazakhstan, the Group 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 reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Change in classification

In 2014 management revised its approach to classification of certain cash outflows as operating and investing. Accordingly, presentation of comparative information for 2013 in the consolidated statement of cash flows has been changed. Cash outflows for Tenge 12,275 million previously reported as operating activities have been reclassified into investing activities.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group 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:

Going concern

Included in current liabilities are five-year USD 500 million bonds (Note 36) issued in May 2010 and due in May 2015. The Group plans to repay the bonds in 2015 using the proceeds from a syndicated loan with the total value of USD 450 million extended by a group of lenders and cover the difference from internal financing sources.

On 19 January 2015 the Group signed an agreement on unsecured syndicated loan with five banks (The Bank of Tokyo Mitsubishi UFJ Ltd, Citibank N.A., Deutsche Bank AG, Mizuho Bank Ltd, Sumitomo Mitsui Banking Corporation Europe Limited) for the total amount of USD 450 million. The purpose of the loan is to refinance bonds. The loan is repayable by equal instalments starting from September 2015 till June 2019.

Management is confident that the refinancing will be successfully completed in 2015 and the Group will continue as a going concern. In making such judgment management considered current plans, financial position and access to financial resources of the Group.

Uranium reserves

Uranium reserves are a critical component of the Group'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 able to 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. The Group tests goodwill for impairment at least annually.

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 Group to make estimates regarding the Group'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 Group'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.

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

Goodwill

The Group tests goodwill for impairment at least annually. The recoverable amount of cash generating units is assessed based on calculation of value in use. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The calculation of value in use requires the application of management's estimates detailed in Note 20.

Unrecoverable VAT

At 31 December 2013 the Group recognised impairment of recoverable VAT for Tenge 4,393 million (Note 13). When making assessment of impairment management considered such factors as time limitation for claim and possibility to use VAT from swap transactions in Customs Union. Management concluded that based on existing facts and circumstances recoverability of part of VAT is not probable and accordingly recognised impairment for this amount.

At 31 December 2014 management of the Group reassessed need for impairment of VAT and concluded that there were no changes that would require reversal of impairment provision.

Assets related to uranium production

At 31 December 2014 the following factors were considered by management as indication of impairment of assets (cash generating units) related to certain uranium mines: less than budgeted production volumes; higher than budgeted production costs; and time to expiration of subsurface use contracts.

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) for which impairment indications were identified as at 31 December 2014.

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 Group 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 Group considers such mines as one cash generating unit.

Based on the impairment assessment the Group did not recognise impairment losses as recoverable amount of assets (cash generating units) related to uranium production exceeded their carrying amounts.

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

- average annual uranium prices are estimated at the following levels:

	2015	2016	2017	2018	2019
Average price of U_3O_8 per pound (in US Dollar)	37.70	37.80	39.15	41.89	46.23

- forecast production based on volumes stipulated by subsurface use contracts;

- operating and capital expenditures after 2019 will increase at the long-term inflation rate of 4-6% per annum;

- discount rate of 8.09-13.08 per annum.

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

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:

- average annual uranium prices

	2015	2016	2017	2018	2019	Impairment loss
Average price of U_3O_8 per pound (in US Dollar)	29.50	29.65	31.30	33.73	37.33	(25,496)
Average price of U_3O_8 per pound (in US Dollar)	22.62	22.68	23.49	25.13	27.74	(26,665)

- forecast production decrease by 20% would result in impairment loss of Tenge 23,302 million.

Evaluation of control, joint control and significant influence

On a regular basis management evaluates control (joint control, significant influence) over subsidiaries, associates and joint ventures. Management applies significant judgements for evaluation. Such judgements include:

- determination of availability of power that gives to the Group ability to direct the relevant activities of the investees that significantly affect their returns;
- determination of ability to use its power over the investees to affect the amount of the investor's returns.

In making judgements management analysed which governing bodies of the investees direct relevant activities as well as the Group's ability to influence those governing bodies. Thus, management concluded that the Group has control over Appak LLP.

As disclosed in Note 25, management also concluded that the Group does not have ability to use its power to exercise control over Uranenergo LLP.

Deferred income tax asset recognition

The recognised deferred tax assets (Note 18) represent income taxes recoverable through future deductions from taxable profits and are recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. This includes temporary difference expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilised. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium term plan prepared by management and extrapolated results thereafter. The plan is based on management expectations that are believed to be reasonable under the circumstances.

Provision for assets retirement obligations

In accordance with the environmental legislation and the contracts on subsurface use, the Group 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 Group's interpretation of current environmental legislation in the Republic of Kazakhstan and the Group'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.

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

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 (2014: 6%; 2013: 6%), 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 used by the Group's companies for calculation of provision as at 31 December 2014 is 6.3% (2013: 6.3%). Management estimated that reasonably possible changes in key assumptions would not lead to significant changes in the amount of provision for assets retirement obligations.

At 31 December 2014, the carrying value of site restoration provision was Tenge 13,732 million (2013: Tenge 12,682 million) (Note 37). At 31 December 2014, the carrying value of environment protection provision was Tenge 2,576 million (2013: Tenge 2,349 million) (Note 37). Management estimates that reasonably possible changes in key assumptions would not lead to significant changes in site restoration provision.

Decommissioning, maintaining and dismantling of reactor BN-350

In accordance with legislation on the use of nuclear energy an operating entity is required to oversee and pay for decommissioning of nuclear power facilities, restoration of land and disposal of radioactive waste. Although the Group has legal title on shut down reactor BN-350, management concluded that the Group does not have legal or constructive obligation to finance its decommissioning, maintenance and dismantlement. In deriving this judgement management assessed the following factors:

- Based on a legal analysis management concluded that the existing legislation does not directly require the Group to oversee and pay for the decommissioning, maintenance and dismantling of reactor BN-350.
- The Kazakhstan government have determined that state authorities are responsible for the decommissioning of reactor BN-350 including subsequent recycling of related equipment and materials.
- To date BN-350 decommissioning measures have been financed from the state budget or other sources including various international organisations.
- In accordance with the Kazakhstan government approved nuclear industry development programme for 2011-2014 with perspective to 2020 (hereafter – "Programme") the government body responsible for implementation of comprehensive measures for decommissioning of reactor BN-350 including subsequent utilisation of related equipment and materials is the Ministry of industry and new technologies of the Republic of Kazakhstan. In addition the planned measures of the Programme implementation also prescribe that the source of financing for these measures is the state budget.
- The Group received letter No. 14-05/4512 on 20 February 2015 from the Ministry of Energy of the Republic of Kazakhstan, the competent authority. According to the letter, a specific government decree, that determines sources of financing and principal measures for decommissioning, would be required for the Group to have a legal obligation to finance the decommissioning activities for reactor BN-350. No such decree has been enacted.

Management concluded that recognition of provision is not required in these consolidated financial statements. Events in the future may lead to the reconsideration of this matter. Depending on future developments management will reassess presence of obligation based on available facts and circumstances. Should obligations to finance activities for decommissioning of reactor BN-350 be transferred to the Group, this would require the recognition of appropriate provision.

Investments carried at cost

As disclosed in Note 27, in October 2007, the Group 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). As the Group 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 2014 (2013: no impairment indicators).

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

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Majority of property, plant and equipment is depreciated using straight-line method over their estimated useful lives. Management reviews the appropriateness of assets' useful economic lives at least once a year; any changes could affect prospective depreciation rates and asset carrying values.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2014 would be to increase it by Tenge 1,015 million or decrease it by Tenge 1,015 million (2013: increase by Tenge 968 million or decrease by Tenge 968 million).

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 Group'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 2014 the carrying amount of assets related to uranium production was Tenge 58,060 million (2013: Tenge 51,967 million).

Tax and transfer pricing legislation

Kazakhstani tax and transfer pricing legislation is subject to varying interpretations (Note 40).

Recoverable VAT

The Group has significant balance of recoverable VAT related to export of part of output, which is subject to VAT at zero rate. VAT is recovered through offset with VAT payable or refund if tax legislation requirements are met. Management assessed recoverability of VAT as at 31 December 2014 based on evaluation of compliance with tax legislation requirements for VAT refund and concluded that, except for amount for which impairment provision was created, VAT can be recovered in full. Management based its assessment on the history VAT refund in prior periods.

5. Adoption of New or Revised Standards and Interpretations

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

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendments were taken into consideration for offset of financial assets and liabilities (Note 44).

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

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

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

Amendments to IAS 39 – "Novation of Derivatives and Continuation of Hedge Accounting" (issued in June 2013 and effective for annual periods beginning 1 January 2014). The amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e. parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The amendments did not have a material impact on the Group's consolidated 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 2015 or later, and which the Group has not early adopted.

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

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

6. New Accounting Pronouncements (Continued)

Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements consist of changes to seven standards. IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

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

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. This standard has no effect on the consolidated financial statements of the Group.

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.

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.

6. New Accounting Pronouncements (Continued)

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. These amendments have no effect on the consolidated financial statements of the Group.

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.

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

7. Segment Information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of six main business segments that represent the Group's reportable segments:

Uranium products	– representing production of uranium and the processing and sale of uranium products
Beryllium products	– representing manufacture and sale of beryllium products as well as related research and development activities
Tantalum products	– representing manufacture and sale of tantalum products as well as related research and development activities
Utilities	– representing generation and sale of electricity, heating and water
Equipment for alternative energy	– representing production and sale of equipment for alternative energy
Other	– representing generation and sale of other products and rendering of services for the main production

(b) Factors that management used to identify the reportable segments

The Group's reportable segments are strategic business units that focus on different customers and markets for each product presented above. They are managed separately because each business unit requires different investment and marketing strategies.

(c) Measurement of operating segment profit or loss, assets and liabilities

The financial information prepared to meet the requirement of internal reporting is based on IFRS with adjustments as required for preparation of internal reports.

Evaluation of performance of each segment is based on segment profit. Segment profit represents gross profit earned by each segment. This is the measure reported to allocate resources and assess segment performance.

7. Segment Information (Continued)

(d) Information about reportable segment profit or loss

Segment information for the reportable segments for the year ended 31 December 2014 is set out below:

In millions of Kazakhstani Tenge	Uranium products	Beryllium products	Tantalum products	Utilities	Equipment for alternative energy	Other	Elimination	Consoli-dated
Revenue								
External sales	223,124	8,531	11,843	45,719	4,417	29,111	-	332,745
Inter-segment sales	-	-	-	-	-	40,301	(40,301)	-
Total revenue	**223,124**	**8,531**	**11,843**	**45,719**	**4,417**	**69,412**	**(40,301)**	**332,745**
Segment profit	**50,335**	**1,550**	**1,098**	**6,079**	**1,186**	**6,270**	**(2,389)**	**64,129**
Distribution expenses								(4,461)
Administrative expenses								(19,884)
Reversal of impairment of assets								112
Impairment losses								(5,714)
Gain on disposal of subsidiary								208
Foreign exchange loss								(18,300)
Other income								2,152
Other expenses								(3,476)
Finance income								5,554
Finance costs								(9,844)
Share of results of associates								12,338
Share of results of joint ventures								(3,125)
Profit before tax								**19,689**

Eliminations represent inter-segment transactions.

7. Segment Information (Continued)

Segment information for the reportable segments for the year ended 31 December 2013 is set out below:

In millions of Kazakhstani Tenge	Uranium products	Beryllium products	Tantalum products	Utilities	Equipment for alternative energy	Other	Elimination	Consoli-dated
Revenue								
External sales	189,874	7,707	13,743	39,343	1,257	36,359	-	288,283
Inter-segment sales	-	-	-	-	-	28,087	(28,087)	-
Total revenue	**189,874**	**7,707**	**13,743**	**39,343**	**1,257**	**64,446**	**(28,087)**	**288,283**
Segment profit	**42,747**	**772**	**1,271**	**5,775**	**(151)**	**11,051**	**(3,087)**	**58,378**
Distribution expenses								(3,960)
Administrative expenses								(29,302)
Reversal of impairment of assets								882
Impairment losses								(20,851)
Gain on settlement of financial liability and disposal of subsidiary								23,930
Foreign exchange loss								(1,954)
Other income								2,971
Other expenses								(6,294)
Finance income								4,603
Finance costs								(8,247)
Share of results of associates								13,528
Share of results of joint ventures								10,123
Profit before tax								**43,807**

Eliminations represent inter-segment transactions.

7. Segment Information (Continued)

(e) Information about reportable segment assets and liabilities

To monitor segment performance and allocate resources among segments all assets are allocated to reportable segments other than investments in associates and joint ventures, financial assets and deferred tax assets; and all liabilities are allocated to reportable segments other than financial liabilities, current and deferred tax liabilities, and other liabilities:

In millions of Kazakhstani Tenge	2014	2013
ASSETS		
Uranium products	291,068	305,293
Beryllium products	11,676	6,644
Tantalum products	8,270	10,933
Utilities	29,602	28,170
Equipment for alternative energy	42,931	37,607
Other	30,619	34,479
Elimination	(16,584)	(67,006)
Total segment assets	**397,582**	**356,120**
Unallocated assets	268,415	247,627
Consolidated assets	**665,997**	**603,747**
LIABILITIES		
Uranium products	97,454	86,564
Beryllium products	1,262	684
Tantalum products	894	1,126
Utilities	9,241	8,199
Equipment for alternative energy	2,221	7,028
Other	4,389	2,711
Elimination	(14,036)	(39,568)
Total segment liabilities	**101,425**	**66,744**
Unallocated liabilities	145,819	130,212
Consolidated liabilities	**247,244**	**196,956**

Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.

In millions of Kazakhstani Tenge	2014	2013
Additions to non-current assets		
Uranium products	28,718	32,841
Beryllium products	404	9,344
Tantalum products	286	7,153
Utilities	4,992	385
Equipment for alternative energy	3,037	234
Other	2,703	4,470
Total	**40,140**	**54,427**

7. Segment Information (Continued)

(f) Analysis of revenues by products and services

The Group's revenues are analysed by products and services in Note 9.

(g) Geographical information

Revenues for each individual country for which the revenues are material are reported separately as follows:

In millions of Kazakhstani Tenge	2014	2013
Kazakhstan	80,634	76,432
China	75,103	72,241
USA	53,344	54,520
Japan	31,449	25,114
France	28,369	31,390
India	17,953	13
Germany	11,609	1,817
Canada	10,174	-
South Korea	7,993	7,759
Russia	4,427	10,749
Austria	1,301	781
Switzerland	-	6,884
Other	389	583
Total revenue	**322,745**	**288,283**

The analysis is based on the domicile of the customer.

All of the Group's non-current assets are located in Kazakhstan.

(h) Other segment information

The depreciation of mine development assets, exploration and evaluation assets, and property, plant and equipment, and amortisation of mineral rights and intangible assets accrued for the period is detailed below:

In millions of Kazakhstani Tenge	2014	2013
Uranium products	18,655	15,992
Beryllium products	1,774	2,382
Tantalum products	275	345
Utilities	649	275
Equipment for alternative energy	389	210
Other	1,684	1,664
Total depreciation and amortisation	**23,426**	**20,868**

The portion of the above depreciation and amortisation included in the cost of sales is detailed below:

In millions of Kazakhstani Tenge	2014	2013
Uranium products	18,291	16,170
Beryllium products	1,638	2,095
Tantalum products	178	236
Utilities	251	144
Equipment for alternative energy	190	175
Other	1,367	1,362
Eliminations	(3,688)	(2,503)
Total depreciation and amortisation included in the cost of sales	**18,227**	**17,679**

7. Segment Information (Continued)

Impairment losses, less reversals, related to non-current non-financial assets (Note 13) were attributable to the following reportable segments:

In millions of Kazakhstani Tenge	2014	2013
Uranium products	650	7,795
Beryllium products	23	5,007
Tantalum products	18	-
Utilities	9	13
Equipment for alternative energy	7	21
Other	1,886	936
Total impairment losses less impairment reversals attributable to segments	**2,593**	**13,772**

The Group has three customers whose revenues are 10% or more of the Group's aggregated revenues (2013: two customers). The aggregate amount of revenue from these customers constitutes 42% of total revenue of the Group and is fully attributable to uranium products reporting segment.

8. 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 Group'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 2014, the outstanding balances with related parties were as follows:

In millions of Kazakhstani Tenge	Accounts receivable and other assets (Notes 28, 30)	Dividends receivable (Note 30)	Loans given (Note 33)	Accounts payable and other liabilities (Notes 38, 39)
Associates	4,141	-	10,398	35,350
Joint ventures	1,794	3,768	3,645	3,528
Entities under common control	252	-	-	5,538
Other	132	-	7,543	17
Total	**6,319**	**3,768**	**21,586**	**44,433**

The income and expense items with related parties for the year ended 31 December 2014 were as follows:

In millions of Kazakhstani Tenge	Sale of goods and services	Dividends received (Notes 25, 26)	Purchase of goods and services	Dividends to the parent (Note 35)	Interest income	Interest expense
Associates	46,372	11,377	102,101	-	2,755	165
Joint ventures	11,580	6,382	34,314	-	845	-
Entities under common control	19,062	-	34,076	-	-	-
Parent	-	-	-	5,386	-	-
Other	2,112	-	336	-	1,473	-
Total	**79,126**	**17,759**	**170,827**	**5,386**	**5,073**	**165**

8. Balances and Transactions with Related Parties (Continued)

At 31 December 2013, the outstanding balances with related parties were as follows:

In millions of Kazakhstani Tenge	Accounts receivable and other assets (Notes 28,30)	Dividends receivable (Note 30)	Loans given (Note 33)	Accounts payable and other liabilities (Notes 38, 39)
Associates	2,047	-	8,441	7,824
Joint ventures	4,386	6,467	4,974	12,824
Entities under common control	345	-	-	4,346
Other	344	-	6,119	7
Total	**7,122**	**6,467**	**19,534**	**25,001**

The income and expense items with related parties for the year ended 31 December 2013 were as follows:

In millions of Kazakhstani Tenge	Sale of goods and services	Dividends received (Notes 25, 26)	Purchase of goods and services	Dividends to the parent (Note 35)	Interest income	Interest expense
Associates	2,391	13,211	33,146	-	742	-
Joint ventures	15,369	9,427	40,238	-	402	-
Entities under common control	16,939	-	27,007	-	-	-
Parent	-	-	-	7,637	-	-
Associates of the parent	88	-	51	-	-	-
Other	1,963	-	2	-	541	-
Total	**36,750**	**22,638**	**100,444**	**7,637**	**1,685**	**-**

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

During 2014 and 2013 the Group entered into significant transactions with BTA Bank JSC, entity under common control until 30 June 2014 and an associate of Samruk-Kazyna JSC after that date. Information about those transactions is presented below:

In millions of Kazakhstani Tenge	Principal	Interest	Total
Deposits			
At 1 January 2013	-	-	-
Placed/accrued	1,442	24	1,466
Withholding tax	-	(3)	(3)
Withdrawn	(362)	(16)	(378)
At 31 December 2013	**1,080**	**5**	**1,085**
Placed/accrued	-	7	7
Withholding tax	-	(2)	(2)
Withdrawn	(1,079)	(10)	(1,089)
At 31 December 2014	**1**	**-**	**1**

8. Balances and Transactions with Related Parties (Continued)

In millions of Kazakhstani Tenge	2014	2013
Current account	2,512	3,906
Total	**2,512**	**3,906**

Key management compensation is presented below:

	2014		2013	
In millions of Kazakhstani Tenge	Expense	Accrued liability	Expense	Accrued liability
Short-term benefits				
Salaries and bonuses	1,832	55	1,937	66
Total	**1,832**	**55**	**1,937**	**66**

9. Revenue

In millions of Kazakhstani Tenge	2014	2013
Sales of uranium products	223,124	189,874
Sales of utilities	45,719	37,310
Sales of tantalum	11,843	13,743
Processing services	8,693	9,083
Sales of beryllium	8,531	7,707
Drilling services	8,314	13,006
Sales of purchased goods	6,106	6,460
Transportation services	4,162	5,666
Sales of photovoltaic cells	4,030	530
Sales of metallurgical silicone	387	573
Research and development services	105	84
Other	1,731	4,247
Total revenue	**322,745**	**288,283**

10. Cost of Sales

In millions of Kazakhstani Tenge	2014	2013
Materials and supplies	160,872	136,850
Processing and other services	29,442	26,912
Wages and salaries	26,163	27,763
Depreciation and amortisation	18,227	17,679
Taxes other than income tax	15,650	13,839
Transportation expenses	2,525	625
Utilities	2,087	1,849
Maintenance and repair	1,953	2,880
Rent expenses	380	414
Research and development	62	183
Other	1,255	911
Total cost of sales	**258,616**	**229,905**

11. Distribution Expenses

In millions of Kazakhstani Tenge	2014	2013
Shipping, transportation and storing	2,596	2,149
Wages and salaries	726	735
Commissions	388	345
Rent	187	176
Materials and supplies	143	227
Other	421	328
Total distribution expenses	**4,461**	**3,960**

12. General and Administrative Expenses

In millions of Kazakhstani Tenge	2014	2013
Wages and salaries	13,463	13,241
Consulting, auditing and information services	1,424	1,232
Rent	934	799
Depreciation and amortisation	846	978
Taxes other than income tax	826	714
Other employee benefits	573	1,432
Research expenses	510	1,557
Travel	466	518
Materials and supplies	420	452
Maintenance and repair	336	338
Training expenses	277	279
Communication	262	312
Utilities	236	157
Corporate events	206	187
Provision for doubtful debts	199	1,464
Security	176	25
Bank charges	146	202
Stationery	61	96
Entertainment expenses	38	48
Insurance	33	92
Tax fines and penalties	(2,365)	3,789
Other	817	1,390
Total general and administrative expenses	**19,884**	**29,302**

13. Impairment Losses

In 2014-2013 the Group recognised the following reversal of previously recognised impairments for the following assets:

In millions of Kazakhstani Tenge	Note	2014	2013
Inventories	31	95	41
Other accounts receivable		13	835
Property, plant and equipment	21	4	4
Other		-	2
Total reversal of impairment of assets		**112**	**882**

13. Impairment Losses (Continued)

The total impairment losses recognised by the Group during 2014 and 2013 were as follows:

In millions of Kazakhstani Tenge	Note	2014	2013
Property, plant and equipment	21	2,597	3,438
Other non-current assets	30	1,210	-
Inventories	31	1,293	378
Investments in associates	25	577	1,828
Investments in joint ventures	26	23	-
Mineral rights	23	-	5,841
Recoverable VAT	30	-	4,393
Goodwill	20	-	4,944
Other		14	29
Total impairment losses of assets		**5,714**	**20,851**

Property, plant and equipment and other non-current assets

At 31 December 2014 impairment losses were recognised for the following assets:

In millions of Kazakhstani Tenge	
Baiterek yacht (construction in progress and advance paid)	2,584
Recreational centre	650
Other	573
Total impairment losses of property, plant and equipment and other non-current assets	**3,807**

Extension of construction of Baiterek yacht was considered by management as indication of impairment. Recoverable amount of the asset (Tenge 2,714 million) was determined as fair value less cost to sell. Fair value measurement is Level 3 of fair value hierarchy and was performed by an independent appraiser using market approach. Key assumptions made by the appraiser include cost of delivery of comparable vessels to current location, availability of discount for comparable vessels, effect of registered capacity on fair value, and effect of deadweight on fair value. Impairment loss is attributable to Other segment (Note 7).

Deviation from initial plans was considered by management as impairment indication of the recreational centre. Recoverable amount (Tenge 262 million) was determined as value in use. The applied discount rate was 17.21%. Impairment loss is attributable to Equipment for Alternative Energy segment (Note 7).

Investments in associates

At 31 December 2014 the Group recognised impairment loss on investments in Uranenergo LLP (Note 25). Continued losses were considered by management as indication of impairment. Recoverable amount (Tenge 2,758 million) was determined as value in use. The applied discount rate was 12.95% (2013: 13.20%).

14. Other Income

In millions of Kazakhstani Tenge	2014	2013
Property received free of charge	1,931	671
Fines and penalties	138	629
Gain on disposal of non-current assets	-	1,471
Other	83	200
Total other income	**2,152**	**2,971**

15. Other Expenses

In millions of Kazakhstani Tenge	2014	2013
Social sphere expenses	1,406	1,052
Loss on suspension of production	428	325
Depreciation	317	153
Sponsorship and charitable deductions	219	1,506
Loss on disposal of non-current assets	186	-
Non-recoverable VAT	110	1,728
Other	810	1,530
Total other expenses	**3,476**	**6,294**

Net foreign exchange loss

In millions of Kazakhstani Tenge	2014	2013
Foreign exchange loss on financing activities, net	(22,157)	(1,953)
Foreign exchange gain/(loss) on operating activities, net	3,857	(1)
Total foreign exchange loss, net	**(18,300)**	**(1,954)**

16. Personnel Costs

In millions of Kazakhstani Tenge	2014	2013
Wages and salaries	47,909	47,439
Social tax and social contributions	5,075	4,389
Total personnel costs	**52,984**	**51,828**

17. Finance Income and Costs

In millions of Kazakhstani Tenge	2014	2013
Finance income		
Interest income	2,474	2,031
Gain from remeasurement of financial assets	2,214	197
Gain from remeasurement of financial liabilities	563	535
Dividend income	-	1,268
Other	303	572
Total finance income	**5,554**	**4,603**
Finance costs		
Interest expense on loans and borrowings	7,570	6,732
Unwinding of discount on provisions	1,171	734
Unwinding of discount on other financial liabilities	261	274
Loss on sales of foreign currency	124	67
Preference shares dividends	53	53
Other	665	387
Total finance costs	**9,844**	**8,247**

18. Income Tax Expense

(a) Components of income tax expense

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

In millions of Kazakhstani Tenge	2014	2013
Current income tax	1,901	7,682
Deferred income tax/(benefit)	2,539	(407)
Total income tax expense	**4,440**	**7,275**

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

The income tax rate applicable to the majority of the Group's and its subsidiaries' profits in 2014 and 2013 is 20%.

A reconciliation between the expected and the actual taxation charge is provided below:

In millions of Kazakhstani Tenge	2014	2013
Profit before tax	**19,689**	**43,807**
Theoretical tax charge at statutory tax rate of 20% (2013: 20%):	3,938	8,761
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income which is exempt from taxation	(48)	(2,007)
Non-deductible expenses	4,273	1,540
Transfer pricing adjustment	912	430
Elimination of unrecognised profits in finished goods	(105)	(16)
Share of results of associates	(2,468)	(2,706)
Share of results of joint ventures	625	(2,025)
Utilisation of previously unrecognised tax losses	(106)	(57)
Current period tax losses for which no deferred tax asset is recognised	734	1,302
Prior periods adjustments	(3,315)	2,053
Income tax expense	**4,440**	**7,275**

Prior period adjustments include reversal of accrued Tenge 2,984 million transfer pricing assessment of tax authorities (Note 40).

18. Income Tax Expense (Continued)

(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% (2013: 20%).

In millions of Kazakhstani Tenge	1 January 2014	Credited/ (charged) to profit or loss	Disposal of subsidiary	31 December 2014
Tax effect of deductible/(taxable) temporary differences				
Property, plant and equipment and intangible assets	(4,917)	(931)	36	(5,812)
Accounts receivable	635	(146)	-	489
Loans and borrowings	63	(136)	-	(73)
Provisions	1,395	(693)	-	702
Accrued liabilities	560	88	(5)	643
Tax losses carried forward	1,083	(874)	-	209
Taxes	475	676	-	1,151
Other assets	(713)	(506)	-	(1,219)
Other liabilities	158	(17)	-	141
	(1,261)	**(2,539)**	**31**	**(3,769)**
Recognised deferred tax asset	**2,447**	**(1,607)**	**(5)**	**835**
Recognised deferred tax liabilities	**(3,708)**	**(932)**	**36**	**(4,604)**

Management estimates that deferred tax assets of Tenge 1,400 million (2013: Tenge 2,576 million) and deferred tax liabilities of Tenge 5,812 million (2013: Tenge 5,630 million) are recoverable after more than twelve months after the end of the reporting period.

Investments in subsidiaries, associates and joint ventures will be recovered primarily through dividends. Dividends from subsidiaries, associates and joint ventures are not taxable accordingly the Group did not recognise deferred tax on undistributed earnings from investments.

18. Income Tax Expense (Continued)

The tax effect of the movements in the temporary differences for the year ended 31 December 2013 is:

In millions of Kazakhstani Tenge	1 January 2013	Credited/ (charged) to profit or loss	Disposal of subsidiary	31 December 2013
Tax effect of deductible/(taxable) temporary differences				
Property, plant and equipment and intangible assets	(6,104)	218	969	(4,917)
Accounts receivable	2,128	(1,492)	(1)	635
Loans and borrowings	(66)	129	-	63
Accounts payable	(56)	56	-	-
Provisions	82	1,396	(83)	1,395
Accrued liabilities	598	(30)	(8)	560
Tax losses carried forward	685	398	-	1,083
Taxes	744	(116)	(153)	475
Other assets	(488)	(225)	-	(713)
Other liabilities	85	73	-	158
	(2,392)	**407**	**724**	**(1,261)**
Recognised deferred tax asset	**2,716**	**(24)**	**(245)**	**2,447**
Recognised deferred tax liabilities	**(5,108)**	**431**	**969**	**(3,708)**

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity. The Group has unrecognised potential deferred tax assets in respect of unused tax loss carry forwards of Tenge 2,423 million (2013: Tenge 1,795 million). The tax loss carry forwards expire as follows:

In millions of Kazakhstani Tenge	2014	2013
2018-2022	387	493
2023	1,302	1,302
2024	734	-
Total unrecognised deferred tax asset on tax losses	**2,423**	**1,795**

19. Earnings per Share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares. The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal the basic earnings per share. Earnings per share from continuing operations are calculated as follows:

In millions of Kazakhstani Tenge	2014	2013
Profit for the year attributable to owners of the Company	15,489	35,904
Weighted average number of ordinary shares (in thousands)	36,692	36,692
Basic and diluted earnings per share, in Tenge	**422**	**979**

20. Intangible Assets

In millions of Kazakhstani Tenge	Licences and patents	Software	Goodwill	Other	Total
At 1 January 2013					
Cost	59	848	10,110	1,530	12,547
Accumulated amortisation and impairment	(34)	(296)	-	(191)	(521)
Carrying value	**25**	**552**	**10,110**	**1,339**	**12,026**
Additions	1	414	-	6	421
Amortisation charge	(8)	(152)	-	(105)	(265)
Impairment loss	-	-	(4,944)	-	(4,944)
Disposal of subsidiary	-	(16)	-	-	(16)
Disposals	-	(5)	-	(11)	(16)
At 31 December 2013					
Cost	60	1,203	10,110	1,488	12,861
Accumulated amortisation and impairment	(42)	(410)	(4,944)	(259)	(5,655)
Carrying value	**18**	**793**	**5,166**	**1,229**	**7,206**
Additions	40	184	-	57	281
Amortisation charge	(7)	(204)	-	(109)	(320)
Disposal of subsidiaries	-	(4)	-	-	(4)
Transfer from property, plant and equipment (Note 21)	-	132	-	-	132
Disposals	-	-	-	(5)	(5)
At 31 December 2014					
Cost	99	1,507	10,110	1,540	13,256
Accumulated amortisation and impairment	(48)	(606)	(4,944)	(368)	(5,966)
Carrying value	**51**	**901**	**5,166**	**1,172**	**7,290**

Significant part of other intangible assets is comprised of cost of production technology development project.

Goodwill impairment test

At 31 December 2014 and 2013 all goodwill relates to one cash generating unit related to subsurface use operations at Central Mynkuduk mine. Recoverable amount (2013: Tenge 19,096 million) was determined as value in use based on forecast cash flows over the term of subsurface use contract (Note 1). Forecast cash flows are based on the approved volume of proven reserves, estimated volumes of production and life of a mine approved by management, and the discount rate of 12.95% (2013: 12.08%). Production volumes are agreed with the government approved strategies and are based on the production capacity of the cash generating unit. Key assumptions used in calculations include forecast changes in prices and period direct costs. Sales prices utilised in developing forecast cash flows are determined using an independent official source Ux Consulting LLC published in the fourth quarter of 2014. Direct costs are based on approved budgets for 2015-2019 and 4% (2013: 2% to 5.2%) growth rate thereafter which approximates long-term average growth rates. Estimated value in use significantly exceeds carrying amount of the cash generating unit therefore even reasonably possible changes in key assumptions would not lead to impairment losses.

Significant impairment loss in 2013 was due to decrease in uranium prices.

21. Property, Plant and Equipment

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

In millions of Kazakhstani Tenge	Land	Buildings	Machinery and equipment	Vehicles	Other	Construction in progress	Total
At 1 January 2014							
Cost	318	74,398	61,477	12,806	3,712	41,721	194,432
Accumulated depreciation and impairment	-	(17,298)	(29,194)	(5,448)	(1,826)	(3,810)	(57,576)
Carrying amount	**318**	**57,100**	**32,283**	**7,358**	**1,886**	**37,911**	**136,856**
Additions	7	454	4,017	794	401	20,552	26,225
Transfers	-	11,941	4,289	(71)	1,323	(17,482)	-
Depreciation charge	-	(3,905)	(4,988)	(1,176)	(1,066)	-	(11,135)
Impairment loss	-	(668)	(17)	(509)	-	(1,403)	(2,597)
Reversal of impairment losses recognised in prior periods		-	-	-	-	4	4
Disposals	-	(331)	(80)	(57)	(38)	(132)	(638)
Disposal of subsidiary	-	(435)	(154)	(56)	(23)	(200)	(868)
Transfers to mine development assets (Note 22) and exploration and evaluation assets (Note 24)	-	-	-	-	-	(374)	(374)
Transfer (to)/from inventories	-	(69)	4	-	(6)	260	189
Transfers to intangible assets (Note 20)	-	-	-	-	-	(132)	(132)
Transfers to non-current assets held for sale	-	(85)	(6)	-	-	(25)	(116)
Changes in estimates	-	99	-	-	-	-	99
Translation to presentation currency	-	-	-	2	3	-	5
At 31 December 2014							
Cost	325	83,240	67,602	13,119	5,096	44,182	213,564
Accumulated depreciation and impairment	-	(19,139)	(32,254)	(6,834)	(2,616)	(5,203)	(66,046)
Carrying amount	**325**	**64,101**	**35,348**	**6,285**	**2,480**	**38,979**	**147,518**

21. Property, Plant and Equipment (Continued)

In millions of Kazakhstani Tenge	Land	Buildings	Machinery and equipment	Vehicles	Other	Construc-tion in progress	Total
At 1 January 2013							
Cost	262	64,296	60,176	12,118	3,632	32,689	173,173
Accumulated depreciation and impairment	-	(15,557)	(25,248)	(4,698)	(1,685)	(2,322)	(49,510)
Carrying amount	**262**	**48,739**	**34,928**	**7,420**	**1,947**	**30,367**	**123,663**
Additions	76	1,450	3,641	1,043	418	33,896	40,524
Transfers	1	18,538	4,345	599	40	(23,523)	-
Depreciation charge	-	(2,869)	(5,764)	(1,232)	(374)	-	(10,239)
Impairment loss	-	(984)	(457)	-	(22)	(1,971)	(3,434)
Disposals	(16)	(419)	(662)	(39)	(18)	(206)	(1,360)
Disposal of subsidiary	-	(7,256)	(3,730)	(433)	(99)	(641)	(12,159)
Transfers to mine development assets (Note 22)	-	-	-	-	-	(11)	(11)
Transfers to non-current assets held for sale	(5)	(99)	(18)	-	(6)	-	(128)
At 31 December 2013							
Cost	318	74,398	61,477	12,806	3,712	41,721	194,432
Accumulated depreciation and impairment	-	(17,298)	(29,194)	(5,448)	(1,826)	(3,810)	(57,576)
Carrying amount	**318**	**57,100**	**32,283**	**7,358**	**1,886**	**37,911**	**136,856**

As a result of test of impairment in 2014 the Group recognised impairment loss of property, plant and equipment of Tenge 2,597 million (2013: Tenge 3,434 million). Depreciation expense of Tenge 9,388 million (2013: Tenge 9,376 million) has been charged to cost of sales, Tenge 65 million (2013: Tenge 52 million) to distribution expenses, and Tenge 636 million (2013: Tenge 812 million) to administrative expenses. Borrowing costs capitalised in the reporting period were Tenge 597 million (2013: Tenge 644 million). The weighted average capitalisation rate was 4.6% (2013: 7.37%).

At 31 December 2014 construction in progress includes infrastructure in construction, assembly and installation stage at Mynkuduk, Central lot, railroads and automobile roads, construction and reconstruction of production facilities related to rare metals and desalination equipment. In 2014, significant additions to construction in progress included facilities at Central Mynkuduk and Moinkum, railroads, automobile roads and desalination equipment.

21. Property, Plant and Equipment (Continued)

As at 31 December 2014 the gross carrying value of fully depreciated property, plant and equipment still in use was Tenge 5,816 million (2013: Tenge 6,949 million).

As at 31 December 2014 commitments relating to the acquisition of property, plant and equipment were Tenge 4,130 million (2013: Tenge 841 million).

In December 2014 the Group signed with South Kazakhstan and Kyzylorda akimats memoranda on cooperation based on the 2015-2016 socio-economic development framework. In accordance with those memoranda social facilities owned by the Group are expected to be transferred to public ownership and financed by the Group for Tenge 3.6 billion in 2015-2016. At 31 December 2014 the carrying amount of social facilities to be transferred was Tenge 4,652 million.

22. Mine Development Assets

In millions of Kazakhstani Tenge	Field preparation	Site restoration costs	Ion exchange resin	Total
At 1 January 2013				
Cost	58,162	6,749	3,774	68,685
Accumulated depreciation and impairment	(29,993)	(705)	(1,025)	(31,723)
Carrying amount	**28,169**	**6,044**	**2,749**	**36,962**
Additions	10,752	-	610	11,362
Change in estimates	-	3,068	-	3,068
Transfers from property, plant and equipment (Note 21)	11	-	-	11
Depreciation charge	(9,113)	(413)	(313)	(9,839)
Disposal of subsidiary (Note 43)	(6,528)	(590)	(727)	(7,845)
At 31 December 2013				
Cost	56,037	9,169	3,488	68,694
Accumulated depreciation and impairment	(32,746)	(1,060)	(1,169)	(34,975)
Carrying amount	**23,291**	**8,109**	**2,319**	**33,719**
Additions	10,143	-	759	10,902
Additions related to transfers of subsurface use contracts	26,746	-	-	26,746
Transfers from property, plant and equipment (Note 21)	15	-	-	15
Transfers from inventory	77	-	-	77
Depreciation charge	(10,854)	(548)	(427)	(11,829)
Disposals related to transfers of subsurface use contracts	(26,081)	-	-	(26,081)
Changes in accounting estimates	-	(926)	-	(926)
At 31 December 2014				
Cost	36,777	7,371	3,453	47,601
Accumulated depreciation and impairment	(13,440)	(736)	(802)	(14,978)
Carrying amount	**23,337**	**6,635**	**2,651**	**32,623**

22. Mine Development Assets (Continued)

The site restoration assets relate to the Group's provisions for site restoration costs for each field operated by the Group. The carrying value of the site restoration assets is re-evaluated each reporting period for changes in the estimated remediation costs. See Notes 4 and 37.

Transfer of mine development assets and other assets

In 2004-2005 the Group transferred mineral rights for Akdala, Inkai (lot 4), and Northern Kharasan (lot Kharasan-1) to JV Betpak Dala LLP and Kyzylkum LLP, the Group's associates. Pursuant to court decision as of 4 June 2014 transfer of rights has been annulled. The mineral rights related to the above contracts were returned to the Group on 4 June 2014.

To comply with uranium production contractual obligations the Group purchased from JV Betpak Dala LLP and Kyzylkum LLP exploration and mine development assets, at a value based on developed reserves, for Tenge 28,770 million; this was comprised of mine development assets of Tenge 26,746 million (Note 22), mineral rights of Tenge 37 million (Note 23), and exploration and evaluation assets of Tenge 1,987 million (Note 24). The Group also recognised corresponding liability. In accordance with agreements to settle liability the Group issued promissory notes in favour of JV Betpak Dala LLP and Kyzylkum LLP.

Following negotiations with investors of JV Betpak Dala LLP and Kyzylkum LLP the Group developed a roadmap. According to the roadmap in July 2014 JV South Mining Chemical Company LLP (NAC Kazatomprom JSC – 30%, Uranium One Rotterdam B.V. – 70%) and JV Khorasan-U LLP (NAC Kazatomprom JSC – 33.98%, Energy Asia Holdings Ltd. – 36.02%, Uranium One Utrecht B.V. – 30%) were created. In October 2014, the Group transferred subsurface use contracts rights for Akdala, Inkai (plot 4) and Northern Kharasan (lot Kharasan-1) mines to these entities. To comply with uranium production contractual obligations the Group sold to these entities exploration and evaluation assets, mineral rights (Notes 23 and 24) and mine development assets previously acquired from JV Betpak Dala LLP and Kyzylkum LLP. Under agreements, to settle liability, JV South Mining Chemical Company LLP and JV Khorasan LLP issued in favour of NAC Kazatomprom JSC promissory notes. In January 2015 NAC Kazatomprom endorsed the promissory notes in favour of JV Betpak Dala LLP and Kyzylkum LLP to settle promissory notes previously issued by NAC Kazatomprom JSC. Accordingly, in these consolidated financial statements promissory notes issued by the Group in favour of JV Betpak Dala LLP and Kyzylkum LLP were offset with the promissory notes received from JV South Mining Chemical Company LLP and JV Khorasan-U LLP (Note 44).

In connection to the abovementioned transfer, during the first half of 2014, the Group also recognised mine retirement costs as part of mine development assets and corresponding provision for mine retirement obligation for Tenge 2,617 million. The Group also capitalised historical costs as part of mining rights and corresponding financial liability for Tenge 419 million. After transfer of rights to subsurface use contracts for Akdala, Inkai (lot 4), and Northern Kharasan (lot Kharasan-1) to JV South Mining Chemical Company LLP and JV Khorasan-U LLP, mine retirement costs within mine development assets and provision (liability) for retirement obligation, as well as historical costs within mineral rights and historical costs liability were reversed.

23. Mineral Rights

In millions of Kazakhstani Tenge	
At 1 January 2013	
Cost	8,572
Accumulated amortisation and impairment	(297)
Carrying amount	**8,275**
Additions	942
Amortisation charge	(113)
Impairment	(5,841)
Disposal of subsidiary	(553)
At 31 December 2013	
Cost	8,847
Accumulated amortisation and impairment	(6,137)
Carrying amount	**2,710**
Additions	94
Additions related to transfers of subsurface use contracts (Note 22)	37
Amortisation charge	(142)
Disposals	(38)
Disposals related to transfers of subsurface use contracts (Note 22)	(36)
At 31 December 2013	
Cost	8,784
Accumulated amortisation and impairment	(6,159)
Carrying amount	**2,625**

The Group recorded impairment losses attributable to mineral right of MK KazSilicon LLP of Tenge 5,841 million during the year ended 31 December 2013. Continuing losses were considered as indication of impairment of MK KazSilicon LLP determined as one cash generating unit. The recoverable amount of this cash generating unit (Tenge 2,559 million) was determined by discounting future cash flows based on the volume of proved reserves, estimated volume of mine production approved by management, and the discount rate of 17.20%. Impairment loss was allocated to mineral right asset of this cash generating unit.

24. Exploration and Evaluation Assets

In millions of Kazakhstani Tenge	Tangible assets	Intangible assets	Total
Carrying value			
At 1 January 2013	2,467	1,276	3,743
Additions	2,341	1	2,342
Change in estimates	-	(18)	(18)
At 31 December 2013	**4,808**	**1,259**	**6,067**
Additions	2,930	-	2,930
Transfers from property, plant and equipment (Note 21)	359	-	359
Additions related to transfers of subsurface use contracts (Note 22)	1,858	129	1,987
Disposals related to transfers of subsurface use contracts (Note 22)	(2,412)	(129)	(2,541)
Transfers from/(to) inventories	39	(3)	36
Changes in estimates	(121)	-	(121)
At 31 December 2014	**7,461**	**1,256**	**8,717**

25. Investments in Associates

The table below summarises the movements in the carrying amount of the Group's investment in associates:

In millions of Kazakhstani Tenge	2014	2013
Carrying value at 1 January	**86,337**	**80,612**
Share of results of associates	12,338	13,528
Fair value of net assets of associates acquired	7,225	6,776
Transfers to non-current assets held for sale	(72)	-
Effect of translation to presentation currency	2,834	460
Dividends received from associates	(11,377)	(13,211)
Impairment of investments in associates	(577)	(1,828)
Carrying value at 31 December	**96,708**	**86,337**

25. Investments in Associates (Continued)

The Group's interests in its principal associates were as follows:

	Country of incorpo-ration	Principal activities	2014 % ownership interest held / % of voting rights	2014 In millions of Kazakhstani Tenge	2013 % ownership interest held / % of voting rights	2013 In millions of Kazakhstani Tenge
JV Betpak Dala LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	14,872	30.00%	12,986
JV KATKO LLP	Kazakhstan	Extraction, processing and export of uranium products	49.00%	43,737	49.00%	42,757
JV Inkai LLP	Kazakhstan	Extraction, processing and export of uranium products	40.00%	18,884	40.00%	14,347
Kaustik JSC	Kazakhstan	Supply of caustic soda	40.00%	4,352	40.00%	5,842
Kyzylkum LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	4,190	30.00%	4,786
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	54.04%	2,758	54.39%	2,763
JV Zarechnoe JSC	Kazakhstan	Extraction, processing and export of uranium products	49.92%	6,970	49.67%	1,952
JV SKZ Kazatomprom LLP	Kazakhstan	Production of sulphuric acid	24.50%	629	24.50%	567
JV Rosburmash LLP	Kazakhstan	Geological exploration	49.00%	251	49.00%	220
NPK Ulba LLP	Kazakhstan	Design on engineering systems and networks	33.00%	64	33.00%	63
JV IFASTAR	France	Nuclear fuel cycle project feasibility study	49.00%	1	49.00%	6
Kazgeomash LLP	Kazakhstan	Pipes production	49.00%	-	49.00%	48
SKZ-U LLP	Kazakhstan	Production of sulphuric acid	49.00%	-	49.00%	-
JV South Mining Chemical Company LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	-	-	-
JV Khorasan-U LLP	Kazakhstan	Extraction, processing and export of uranium products	33.98%	-	-	-
Total investments in associates				**96,708**		**86,337**

All of the above associates are accounted for using the equity method.

In April 2013, investors of Kyzylkum LLP made an additional contribution to the partnership's charter capital of Tenge 4,470 million, including the Group – of Tenge 1,341 million. The contributions are proportionate to their equity, accordingly, no change in ownership occurred as a result of this contribution.

In 2014 the Company made an additional contribution to the charter capital of JV Zarechnoe JSC for Tenge 6,370 million, as a result the Company's ownership increased to 49.92%.

In 2014 the Group made and additional contribution to the charter capital of Uranenergo LLP for Tenge 730 million (2013: Tenge 2,509 million), as a result of the contribution ownership has changed to 54.04%. Although the Group owns more than 50% of ownership rights in Uranenergo LLP, the Group does not have the practical ability to direct the relevant activities of Uranenergo LLP unilaterally as part of ownership is held indirectly through subsidiary with non-controlling interest and requires non-controlling interest approval for decisions, nor does joint control exist. Accordingly, the Group accounts for its investment in Uranenergo LLP as an associate.

On 13 November 2013, the Company acquired 1.6 million outstanding shares of Kaustik JSC (40% share of ordinary shares) for Tenge 6,040 million.

In 2014 the Company established two associates: JV South Mining Chemical Company LLP with 30% share and contributed to its charter capital Tenge 19 million; and JV Khorasan-U LLP with 33.98% share and contributed to its charter capital Tenge 18 million.

As at 31 December 2014 the Group did not recognise its share in the loss of associates which exceeded carrying value of investments in JV South Mining Chemical Company LLP by Tenge 198 million and JV Khorasan-U LLP by Tenge 239 million.

25. Investments in Associates (Continued)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

	JV Betpak Dala LLP		JV KATKO LLP		JV Inkai LLP		Other		Total	
In millions of Kazakhstani Tenge	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Current assets	26,785	17,075	44,832	34,582	18,521	15,303	36,444	24,231	126,582	91,191
Non-current assets	27,113	32,635	67,927	70,990	75,974	63,043	114,155	76,721	285,169	243,389
Total assets	**53,898**	**49,710**	**112,759**	**105,572**	**94,495**	**78,346**	**150,599**	**100,952**	**411,751**	**334,580**
Current liabilities	(3,332)	(2,599)	(13,271)	(10,284)	(38,951)	(36,706)	(87,155)	(31,244)	(142,709)	(80,833)
Non-current liabilities	(993)	(3,568)	(8,118)	(8,168)	(6,199)	(4,631)	(23,836)	(37,849)	(39,146)	(54,216)
Total liabilities	**(4,325)**	**(6,167)**	**(21,389)**	**(18,452)**	**(45,150)**	**(41,337)**	**(110,991)**	**(69,093)**	**(181,855)**	**(135,049)**
Net assets	**49,573**	**43,543**	**91,370**	**87,120**	**49,345**	**37,009**	**39,608**	**31,859**	**229,896**	**199,531**
Group's share of net assets of associates	14,872	13,063	44,771	42,689	19,738	14,804	16,206	12,035	95,587	82,591
Unrealised profit in the Group	-	(77)	(1,102)	-	(854)	(457)	-	-	(1,956)	(534)
Goodwill	-	-	68	68	-	-	3,009	4,212	3,077	4,280
Carrying value of investments in associates	**14,872**	**12,986**	**43,737**	**42,757**	**18,884**	**14,347**	**19,215**	**16,247**	**96,708**	**86,337**
Total revenue	52,837	44,139	62,634	71,469	32,827	26,264	41,097	30,360	189,395	172,232
Total profit for the year	20,882	14,594	16,057	211	8,087	5,976	10,334	7,811	55,360	28,592
Other comprehensive income	-	-	-	409	7,091	644	-	-	7,091	1,053
Total comprehensive income	**20,882**	**14,594**	**16,057**	**620**	**15,178**	**6,620**	**10,334**	**7,811**	**62,451**	**29,645**
Dividends received	4,455	6,655	5,786	6,044	1,136	472	-	40	11,377	13,211

26. Investments in Joint Ventures

The table below summarises the movements in the carrying amount of the Group's investment in joint ventures:

In millions of Kazakhstani Tenge	2014	2013
Carrying value at 1 January	47,481	20,147
Share of results of joint ventures	(3,125)	10,123
Fair value of net assets of joint ventures acquired	141	26,488
Effect of translation to presentation currency	(833)	150
Share of other comprehensive income of joint ventures	270	-
Dividends received from joint ventures	(6,382)	(9,427)
Impairment of investments in joint ventures	(23)	-
Carrying value at 31 December	**37,529**	**47,481**

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

			2014		2013	
	Country of incorporation	**Principal activity**	**% ownership interest held**	**In millions of Kazakhstani Tenge**	**% ownership interest held**	**In millions of Kazakhstani Tenge**
JV Akbastau LLP	Kazakhstan	Extraction, processing and export of uranium products	50%	14,517	50%	12,816
Karatau LLP	Kazakhstan	Extraction, processing and export of uranium products	50%	8,718	50%	8,394
Semizbay-U LLP	Kazakhstan	Extraction, processing and export of uranium products	51%	8,704	51%	9,829
SKZ-U LLP	Kazakhstan	Production of sulphuric acid	49%	3,472	49%	3,921
TsOU CJSC	Russia	Production of advanced uranium products	50%	2,051	50%	12,150
KazPerOxide LLP	Kazakhstan	Sale of hydrogen peroxide	50%	42	50%	35
Kazatomprom-Sorbent LLP	Kazakhstan	Supply of ion exchange resin	51%	20	-	-
JV UKR TVS CJSC	Ukraine	Production of nuclear fuel	33.33%	3	33.33%	3
KAS GmbH	Germany	Development and implementation of high technology and innovative projects	50%	2	50%	2
Yingtan Ulba Shine Metal Materials Co., Ltd JSC	China	Beryllium rolls production	50%	-	50%	326
Ulba Conversion LLP	Kazakhstan	Construction and operation of conversion plant in Kazakhstan	50%	-	50%	5
KRKAS JSC	Kazakhstan	Design and technical documentation of nuclear reactors and nuclear stations	50%	-	50%	-
Total investments in joint ventures				**37,529**		**47,481**

The above joint ventures are accounted for using the equity method in these consolidated financial statements.

As at 31 December 2014 and 2013 the Group did not recognise its share of the accumulated losses of the joint venture KRKAS JSC that exceeded the cost of the investment of Tenge 38 million (2013: Tenge 49 million). The significant decrease in carrying amount of TsOU CJSC was due to recognised loss primarily from foreign exchange losses on foreign currency denominated liabilities after devaluation of Russian Rouble.

In 2013 the Group lost controls over Semizbay-U LLP (Note 43). Investment in Semizbay-U LLP was classified as investment in joint ventures and, accordingly, the assets and liabilities were de-consolidated from the Group's consolidated statement of financial position. On 23 August 2013, the Group acquired ordinary shares of TsOU JSC for RUB 2,591,738 thousand (at the acquisition date equivalent of Tenge 11,974 million). This acquisition did not lead to change in ownership share of 50%.

26. Investments in Joint Ventures (Continued)

Summarised financial information on respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

	Karatau LLP		Akbastau JSC		Semizbay-U LLP		Other		Total	
In millions of Kazakhstani Tenge	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Current assets	6,408	11,080	11,111	13,118	18,758	12,361	22,807	9,082	59,084	45,641
Including cash	1,273	282	3,141	339	181	105	14,953	4,497	19,548	5,223
Non-current assets	27,806	29,876	20,963	22,124	21,235	22,147	92,025	109,189	162,029	183,336
Total assets	**34,214**	**40,956**	**32,074**	**35,242**	**39,993**	**34,508**	**114,832**	**118,271**	**221,113**	**228,977**
Current liabilities	(14,368)	(12,539)	(1,174)	(8,036)	(24,162)	(14,162)	(25,406)	(5,144)	(65,110)	(39,881)
Including financial liabilities net of trade and other accounts payable and provisions	(10,924)	(6,602)	-	(5,689)	(11,094)	(6,105)	(13,782)	(3,415)	(35,800)	(21,811)
Non-current liabilities	(2,141)	(11,128)	(1,479)	(1,317)	(6,813)	(9,122)	(78,301)	(80,373)	(88,734)	(101,940)
Including financial liabilities net of trade and other accounts payable and provisions	-	(8,778)	-	-	(2,422)	(3,632)	(78,448)	(20,330)	(80,870)	(32,740)
Total liabilities	**(16,509)**	**(23,667)**	**(2,653)**	**(9,353)**	**(30,975)**	**(23,284)**	**(103,707)**	**(85,517)**	**(153,844)**	**(141,821)**
Net assets	**17,705**	**17,289**	**29,421**	**25,889**	**9,018**	**11,224**	**11,125**	**32,757**	**67,269**	**87,156**
Group's share of net assets of joint ventures	8,852	8,644	14,711	12,944	4,599	5,724	5,493	16,300	33,655	43,612
Goodwill	-	-	-	-	4,105	4,105	120	-	4,225	4,105
Impairment	-	-	-	-	-	-	(23)	-	(23)	-
Unrealised profit in the Group	(134)	(250)	(194)	(129)	-	-	-	143	(328)	(236)
Carrying value of investments in joint ventures	**8,718**	**8,394**	**14,517**	**12,815**	**8,704**	**9,829**	**5,590**	**16,443**	**37,529**	**47,481**
Total revenue	34,413	39,402	21,886	24,821	24,133	17,794	58,125	12,286	138,557	94,303
Depreciation and amortisation	(4,839)	(4,872)	(2,732)	(2,996)	(4,012)	(3,716)	(765)	(531)	(12,348)	(12,115)
Interest income	20	19	40	24	24	-	9	4	93	47
Interest expense	(916)	(821)	(325)	(690)	(1,429)	(1,209)	(4,361)	(1,478)	(7,031)	(4,198)
Income tax	(3,884)	(2,963)	(2,260)	(2,290)	152	(319)	1,628	(146)	(4,364)	(5,718)
Profit for the year	8,721	13,888	7,992	9,306	(2,206)	(2,813)	(20,313)	(32)	(5,806)	20,349
Dividends received	4,153	8,543	2,229	884	-	-	-	-	6,382	9,427

27. Other Investments

In millions of Kazakhstani Tenge	2014	2013
Investment available-for-sale		
Toshiba Nuclear Energy Holdings (US) Inc.	48,892	48,892
Toshiba Nuclear Energy Holdings (UK) Ltd.	17,112	17,112
Baiken-U LLP	1,022	1,022
Other	26	29
Total other investments	**67,052**	**67,055**

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

In October 2007, the Group 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).

Simultaneously with the acquisition of the interest in TNEH-US and TNEH-UK, the Group 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 Group and Toshiba Corporation signed an agreement that extended the Group's right to exercise the Put Option until 28 February 2018. The Put Option gives the Group 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. The Put Option was not exercised at 31 December 2014.

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 Group 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 Group's shares will be determined by an independent international appraiser. The Call Option was not exercised by Toshiba Corporation at 31 December 2014.

The Group has classified investments in TNEH-US and TNEH-UK as available for sale as this best reflects the intention of the Group 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 Group'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 Group'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 Group does not plan to dispose of other investments.

28. Accounts Receivable

In millions of Kazakhstani Tenge	2014	2013
Trade accounts receivable	1,047	726
Total non-current accounts receivable	**1,047**	**726**
Trade accounts receivable	52,939	27,368
Trade accounts receivable from related parties	4,330	6,520
Total gross trade accounts receivable	**57,269**	**33,888**
Provision for impairment	(1,328)	(1,285)
Total net trade accounts receivable	**55,941**	**32,603**
Other accounts receivable	103	197
Other accounts receivable from related parties	5	117
Total other accounts receivable	**108**	**314**
Total current accounts receivable	**56,049**	**32,917**

Information on the Group's exposure to credit and currency risks and provision for impairment for accounts receivable is disclosed in Note 45.

29. Assets Held for Distributions to Ultimate Controlling Party

In May 2010 the ultimate controlling party of the Company instructed the Group to construct a Students' Palace in Astana (hereafter the "Property"). The Group completed construction of the Property at the beginning of 2013 and in accordance with the decree of Akimat of Astana transferred the Property to municipal ownership of Astana in June 2013. As a result of this transfer, the Group derecognised the asset and the previously recognised provision of Tenge 22,801 million (Note 37).

30. Other Assets

In millions of Kazakhstani Tenge	2014	2013
Non-current		
Advances for non-current assets	13,870	16,613
Long-term inventories	6,302	6,536
Restricted cash	5,981	6,590
Dividends receivable from related parties	2,512	3,768
Recoverable VAT	1,706	1,214
Loans to employees	1,507	1,903
Prepaid expenses	651	720
Advances to related parties for non-current assets	797	18
Other	-	27
Total other non-current assets	**33,326**	**37,389**

30. Other Assets (Continued)

In millions of Kazakhstani Tenge	2014	2013
Current		
Advances for goods and services	2,709	2,003
Dividends receivable from related parties	1,256	2,699
Advances to related parties for goods and services	1,187	461
Due from employees	465	558
Prepaid insurance	360	189
Prepaid expenses	353	834
Prepaid taxes other than income tax	116	158
Insurance payments to related parties	-	6
Other	49	34
Total other current assets	**6,495**	**6,942**

Non-current inventories include stocks of enriched uranium which have been held by the Group since inception and are intended for use after the commissioning of new uranium pellet production facilities.

In accordance with the terms of its subsurface use agreements, the Group invests cash in long-term bank deposits to finance future site restoration activities. As at 31 December 2014, balance of restricted cash on long-term bank deposits was Tenge 5,981 million (2013: Tenge 4,899 million).

Following a government investigation into one of the Group's suppliers, the Company acted as custody for the supplier's frozen cash which as at 31 December 2013 amounted to Tenge 1,691 million. The amount were reflected as restricted cash in the consolidated statement of financial position. Under the court decision the amount was awarded to the Company. Accordingly, in 2014 the Company recognised gain from property received for free (Note 14).

31. Inventories

In millions of Kazakhstani Tenge	2014	2013
Finished goods and goods for resale	41,606	31,549
Work-in-process	12,563	11,419
Raw materials	11,998	12,602
Spare parts	932	1,175
Fuel	585	1,091
Materials in process	2,715	874
Other materials	2,104	2,344
Provision for obsolescence	(1,713)	(684)
Total inventories	**70,790**	**60,370**

Movements in the provision for obsolescence are as follows:

In millions of Kazakhstani Tenge	2014	2013
Balance at 1 January	(684)	(734)
Accrual of provision during the year	(1,293)	(378)
Reversal of provision during the year	95	41
Inventory write off during the year	169	387
Balance at 31 December	**(1,713)**	**(684)**

32. Term Deposits

In millions of Kazakhstani Tenge	Currency	2014	2013
Non-current			
Bank CentreCredit JSC	US Dollar	1,100	-
Tsesna Bank JSC	Tenge	39	330
Tsesna Bank JSC	US Dollar	656	-
Eurasian Bank JSC	Tenge	10	200
Vneshtorgbank Kazakhstan JSC	Tenge	15	15
Sberbank JSC	Tenge	5	-
Sberbank JSC	Rouble	145	-
BTA Bank JSC	Tenge	1	1
Halyk Bank Kazakhstan JSC	Tenge	-	3
Alliance Bank JSC	Tenge	-	1
Bank CentreCredit JSC	Tenge	-	420
Total non-current term deposits		**1,971**	**970**
Current			
Bank CentreCredit JSC	Tenge	391	669
Halyk Bank Kazakhstan JSC	Tenge	268	473
Kazkommertsbank JSC	Tenge	688	226
Kazkommertsbank JSC	US Dollar	822	-
ATF Bank JSC	Tenge	307	126
BTA Bank JSC	Tenge	-	54
Tsesna Bank JSC	Tenge	-	44
Eurasian Bank JSC	Tenge	-	31
Sberbank JSC	Tenge	26	-
Sberbank JSC	US Dollar	36	-
Sberbank JSC	Tenge	-	2
SB Alfa Bank JSC	Tenge	3	2
SB Alfa Bank JSC	Rouble	25	-
Total current term deposits		**2,566**	**1,627**

Interest rates on term deposits held by the Group as at 31 December 2014 vary from 0.5% to 8.5% per annum (2013: from 0.1% to 7.5% per annum). Information on the Group's exposure to interest rate risk and sensitivity analysis of relevant financial assets and financial liabilities is disclosed in Note 45.

33. Loans to Related Parties

In millions of Kazakhstani Tenge	2014	2013
Non-current		
Kyzylkum LLP	10,398	8,441
Baiken-U LLP	7,543	6,119
Semizbay-U LLP	2,421	3,632
Total non-current loans to related parties	**20,362**	**18,192**
Current		
Semizbay-U LLP	1,211	1,322
JV KRKAS JSC	13	20
Total current loans to related parties	**1,224**	**1,342**

33. Loans to Related Parties (Continued)

The weighted average annual interest rate on loans to related parties in 2014 was 8.39% (2013: 7.87%).

In September and December 2010, the Group provided interest-bearing long-term loans to Kyzylkum LLP and Baiken-U LLP. In 2012 the repayment schedule was revised to extend the terms of maturity of Kyzylkum LLP and Baiken-U LLP loans to 2024 and 2022, respectively. The loans are collateralised by the property of the borrowers.

In September 2012, the Group provided a five-year loan to Semizbay-U LLP. This loan is secured by property of Semizbay-U LLP. In the 2012 financial statements Semizbay-U LLP was classified as a subsidiary and accordingly the loans were eliminated on consolidation. As disclosed in Note 43, in 2013 the Group lost control over Semizbay-U LLP and accounts for the investment as a joint venture. The loan is repayable starting from 2014.

34. Cash and Cash Equivalents

In millions of Kazakhstani Tenge	2014	2013
Current bank accounts	28,432	15,461
Demand deposits	918	1,632
Cash in hand	82	59
Total cash and cash equivalents	**29,432**	**17,152**

35. Share Capital

The nominal registered amount of the Company's issued share capital at 31 December 2014 is Tenge 36,692 million (2013: Tenge 36,692 million).

The total authorised number of ordinary shares is 36,692 thousand shares (2013: 36,692 thousand shares) with a par value of Tenge 1,000 per share (2013: Tenge 1,000 per share). All issued ordinary shares are fully paid. Each ordinary share carries one vote. All shares of the Company are owned by NWF Samruk-Kazyna JSC (Note 1), which solely and ultimately decides on dividend distribution.

Dividends declared and paid during the year were as follows:

In millions of Kazakhstani Tenge	2014	2013
Dividends payable at 1 January	-	11,751
Dividends declared during the year	5,386	7,637
Dividends paid during the year	(5,386)	(19,388)
Dividends payable at 31 December	**-**	**-**
Dividends per share declared during the year, in Tenge	**147**	**208**

36. Loans and Borrowings

In millions of Kazakhstani Tenge	2014	2013
Non-current		
Bank loans	14,401	14,195
Non-bank loans	270	247
Bonds	-	76,426
Non-current loans and borrowings	**14,671**	**90,868**
Current		
Bank loans	29,911	29,124
Non-bank loans	249	135
Bonds	91,705	544
Other	536	-
Total current loans and borrowings	**122,401**	**29,803**

Short-term bank loans

During 2014-2013 the Group obtained short term bank loans for the purpose of replenishment of working capital.

Bonds

On 20 May 2010 the Group issued USD 500,000 thousand (Tenge 73,510 million) of unsecured 6.25% bonds due in 2015. Bond coupon is payable semi-annually in arrears on 20 November and 20 May starting from 20 November 2010.

Bonds are issued and traded on London Stock Exchange and Kazakhstan Stock Exchange.

Bonds covenants

Negative pledge

The Group and material subsidiaries are restricted from creating, incurring or assuming any pledges, other than permitted pledges, on any of their assets or any income or profits therefrom, securing any indebtedness, unless, at the same time or prior thereto, the Bonds are secured equally and rateable with such other indebtedness.

Limitation on payments of dividends

The Group is precluded from paying any dividends, in cash or otherwise, or making any other distribution of any sort in respect of its share capital (a) at any time when there exists an event of default or (b) or at any time when no such event of default or event exists, in an aggregate amount exceeding 50 per cent of the Company's consolidated net income for the period in respect of which the dividend or other distribution is being paid.

Limitation on disposal of assets and subsidiaries

The Group is precluded from consummating any asset disposition involving aggregate consideration equal to or greater than USD 10 million (or its equivalent as at 31 December 2014 Tenge 1,824 million) unless the Company or such material subsidiary receives consideration at the time of such asset disposition at least equal to the fair market value of the shares and assets subject to such asset disposition; and solely with respect to an asset disposition of shares of capital stock of a material subsidiary, after giving effect to any such asset disposition, the Group should continue to "beneficially own", directly or indirectly, at least the restricted percentage of the shares of capital stock of such material subsidiary.

Management of the Group believes that it complies with the covenants as set out above as at 31 December 2014.

36. Loans and Borrowings (Continued)

Bonds refinancing

On 19 January 2015 the Group signed an agreement on unsecured syndicated loan with five banks (The Bank of Tokyo Mitsubishi UFJ Ltd, Citibank N.A., Deutsche Bank AG, Mizuho Bank Ltd, Sumitomo Mitsui Banking Corporation Europe Limited) for the total amount of USD 450 million. The loan is repaid by equal instalments starting from September 2015 till June 2019.

Covenants of the loan include restriction on significant sale and leaseback transaction by the Group as well as significant mergers, splits, amalgamations and corporate restructuring, significant acquisition and establishment of entities, except for allowed under the agreement. The Group is also required to maintain ratio of financial liabilities to EBITDA of not more than 3.5 to 1 and to equity of not more than 1 to 1.

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

In millions of Kazakhstani Tenge	Currency	Maturity	2014	2013
Secured bank loans				
Mizuho Corporate Bank Ltd.	US Dollar	2015	1,026	2,016
Japan Bank for International Cooperation	US Dollar	2014	-	3,675
Japan Bank for International Cooperation	US Dollar	2014	-	1,153
Natixis Bank	US Dollar	2014	-	214
Total secured bank loans			**1,026**	**7,058**
Unsecured bank loans				
The Bank of Tokyo-Mitsubishi UFJ. Ltd	Euro	2024	13,199	11,391
Societe Generale	US Dollar	2015	10,952	-
Citibank Kazakhstan JSC	US Dollar	2015	10,547	-
Natixis Bank	US Dollar	2022	3,350	3,079
Alfa-Bank JSC	US Dollar	2015-2016	3,232	-
RBS Bank JSC	US Dollar	2015	2,006	-
Citibank Kazakhstan JSC	US Dollar	2014	-	9,759
Natixis Bank	US Dollar	2014	-	4,570
Nurbank JSC	US Dollar	2014	-	4,147
Alfa-Bank JSC	US Dollar	2014	-	3,053
Alfa-Bank JSC	Tenge	2014	-	262
Total unsecured bank loans			**43,286**	**36,261**
Total bank loans			**44,312**	**43,319**
Unsecured non-bank loans				
Kozhema-Katko-Demeu	Tenge	2024	270	247
SGKhP LLP	Tenge	2015	249	110
Purelight International	Tenge	2014	-	18
Purelight AG	US Dollar	2014	-	7
Total non-bank loans			**519**	**382**

In 2014, the Group's weighted average interest rate on fixed interest rates on bank loans was 5.71% (2013: 6.38%) and on floating interest rate loans, was 2.98% (2013: 3.95%).

36. Loans and Borrowings (Continued)

Loan covenants

The Group's various loan agreements include covenants with banks, pursuant to which the Group 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 Group 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 Group believes that it complied with the above covenants related to the Group's various loan agreements as at 31 December 2014.

Collateral

Loans from Mizuho Corporate Bank Ltd are secured by the contract on delivery of goods (uranium concentrate). The Group has no right to re-pledge the collateral. There were no other significant terms and conditions associated with the use of collateral.

Significant non-cash transactions

During 2014 borrowings in amount of Tenge 1,113 million were provided by banks as direct financing of suppliers.

37. Provisions

In millions of Kazakhstani Tenge	Compen-sation for occupational deceases	Environment protection	Site restoration	Social object	Other	Total
At 1 January 2013						
Non-current	442	1,161	9,221	-	20	10,844
Current	95	-	-	22,801	-	22,896
Total	**537**	**1,161**	**9,221**	**22,801**	**20**	**33,740**
Provision for the year	-	-	594	-	-	594
Disposal of subsidiary	-	-	(804)	-	-	(804)
Unwinding of discount	47	82	604	-	1	734
Provision used	(94)	-	-	(22,801)	-	(22,895)
Change in estimates	277	1,106	3,067	-	3	4,453
At 31 December 2013						
Non-current	669	2,349	12,682	-	24	15,724
Current	98	-	-	-	-	98
Total	**767**	**2,349**	**12,682**	**-**	**24**	**15,822**
Provision for the year	-	-	1,099	-	1	1,100
Unwinding of discount	48	148	974	-	1	1,171
Provision used	(94)	-	-	-	-	(94)
Change in estimates	(55)	79	(1,025)	-	-	(1,001)
Effect of translation	-	-	2	-	-	2
At 31 December 2014	**666**	**2,576**	**13,732**	**-**	**26**	**17,000**
Non-current	568	2,576	13,732	-	26	16,902
Current	98	-	-	-	-	98
Total	**666**	**2,576**	**13,732**	**-**	**26**	**17,000**

37. Provisions (Continued)

Provision for compensation for occupational diseases

In accordance with Articles 939, 943 and 944 of the Civil Code of the Republic of Kazakhstan, the Group is required to pay compensation for occupational diseases and disability arising during the period of employment, or during retirement as a result of disease or disability occurring due to former work conditions.

In determining the amount of the provision, the Group management base their estimates on the number of persons currently entitled to the compensation, the estimated duration of payments and the average annual payments to various categories of employees based on their relative salaries extrapolated for the estimated future rates of disease and disability during the expected lifetime of current and former employees. As at 31 December 2014 the undiscounted amount of the estimate is Tenge 1,082 million (2013: Tenge 1,309 million).

This estimate has been recognised at present value using a discount rate of 6.3% (2013: 6.3%) and inflation rate of 6% (2013: 6%). This is a risk free nominal rate as the future cash outflows reflect risk specific to the liability.

Provision for environmental protection

The Group, pursuant to the legislation of the Republic of Kazakhstan on environmental protection, is required to dispose of radioactive waste and to decommission and dispose of polluted property, plant and equipment. As at 31 December 2014 the undiscounted value of the estimated costs to comply with this legislation was Tenge 48,330 million (2013: Tenge 47,812 million). A substantial part of environmental protection expenses pertains to years 2068-2073.

In view of the long-term nature of reclamation liabilities, there is uncertainty concerning the actual amount of expenses that will be incurred.

In computing the provision for environmental protection the Group used a discount rate of 6.3% (2013: 6.3%) and inflation rate of 6% (2013: 6%). This is a risk free nominal rate as the future cash outflows reflect risk specific to the liability.

When determining the amount of the environmental provision, Group management used assumptions and assessments based on the experience of decommissioning and clean-up work of a similar nature carried out in 2000-2014, and considered the input provided by both in-house engineers and professional advisors based on their best interpretation of the current environmental legislation.

Provision for reclamation of mine sites

The Group estimates the site restoration costs for each field operated by the Group. The undiscounted estimated cost of reclamation activities is Tenge 27,177 million (2013: Tenge 21,474 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 2014-2038). The present value at 31 December 2014 has been estimated using a discount rate of 6.3% (2013: 6.3%), 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 Group places cash in long-term bank deposits to finance future site restoration activities. As at 31 December 2014 the accumulated amount of restricted such deposits was Tenge 5,981 million (2013: Tenge 4,899 million) (Note 30).

37. Provisions (Continued)

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 Group will proceed to development and production stages for its fields which are currently under exploration. The Group publicly announced about the plans to increase number of uranium mines as a part of the Group's long-term plan. The strategic plan was approved by the Government of Kazakhstan. These facts set out a constructive obligation for the Group 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 - 6% per annum.

Provision for social object construction

In May 2010 the Company was directed by its Shareholder to construct a Student's Palace in Astana (hereinafter - "the Property"). The Group recognised provision for an onerous commitment.

The Company has fulfilled all obligations regarding the construction of the Property. In accordance with the prescription of Akimat of Astana city in June, 2013 the Company transferred the property to Astana city. As a result, the Company has derecognised the asset and the related liability of Tenge 22,801 million from the consolidated statement of financial position at 31 December 2013 (Note 29).

38. Accounts Payable

In millions of Kazakhstani Tenge	**2014**	**2013**
Non-current		
Trade accounts payable	315	2,334
Other accounts payable	-	27
Total non-current accounts payable	**315**	**2,361**
Current		
Trade accounts payable to related parties	34,479	22,107
Trade accounts payable	22,369	9,158
Total trade accounts payable	**56,848**	**31,265**
Other accounts payable to related parties	5,896	-
Other accounts payable	500	499
Total other accounts payable	**6,396**	**499**
Total current accounts payable	**63,244**	**31,764**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 45.

39. Other Liabilities

In millions of Kazakhstani Tenge	2014	2013
Non-current		
Historical costs liabilities	2,382	2,425
Advances received from related parties	1,704	1,288
Deferred income	598	664
Preferred shares	265	265
Other	-	1,689
Total non-current other liabilities	**4,949**	**6,331**
Current		
Accrued unused vacation payments and bonuses	3,218	2,819
Advances received from related parties	2,354	1,606
Wages and salaries payable	1,874	2,028
Advances received	1,729	2,361
Social contributions payable	771	585
Historical costs liabilities	560	496
Other accrued financial liabilities	559	472
Dividends payable to other participants	240	197
Deferred income	27	27
Other	8	9
Total current other liabilities	**11,340**	**10,600**

Historical costs liabilities

In accordance with the terms of the subsurface use contracts the Group 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 Group. 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 2014 is 3.3% (2013: 3.3%) for historical costs denominated in USD and 7% for historical costs denominated in Tenge (2013: 7%).

40. Contingencies and Commitments

Legal proceedings

From time to time and in the normal course of business, claims against the Group 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 in excess of provisions that have been made in these consolidated financial statements.

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 Group. 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.

The Group's management believes that its interpretation of the relevant legislation is appropriate and the Group'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 Group'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 consolidated financial statements.

40. Contingencies and Commitments (Continued)

(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 Group, related to the new law on transfer pricing, the management of the Group believes that it will be able to sustain its position in case if transfer pricing policy of the Group will be challenged by the tax authorities. From 1 January 2009 the Group self-assesses additional income tax to reflect market prices. The amount of recognised liability for 2014 is Tenge 912 million (2013: Tenge 430 million).

In December 2012 a documentary thematic inspection on state control over transfer pricing for 2007 was completed at the Company. As a result of the inspection the Company received a report and notice No. 110 of 24 December 2014 of payment of additional corporate income tax, penalties and interest for total amount of Tenge 6,390 million.

The Group did not agree with the notice and filed appeal No. 04-16/01527 of 22 May 2013 to Almaty Special Interdistrict Economic Court. By court decision No. 2-5996/13 of 12 July 2013 the appeal was dismissed. The Group further filed appeal complaint No. 21.1.24 of 26 July 2013 to Appeal Collegiate of Almaty City Court. Based on decision No. 2a-5300/13 of 18 September 2013 by the Appeal Collegiate of Almaty City Court, the Group recognised a liability for 2007 corporate income tax of Tenge 2,984 million, interest of Tenge 1,915 million and fine of Tenge 1,492 million in 2013 financial statements. As of 31 December 2013 corporate income tax and penalties were paid in full to the state.

In 2014, the Company continued disputing assessments and filed cassation complaint № 04-16/00117 of 16 January 2014 to the Cassation Collegiate of Almaty City Court. Following the hearings held on 19 February 2014 the decision of the Almaty Special Interdistrict Economic Court was sustained and the cassation appeal was dismissed.

The Group further challenged tax inspection assessment in the Supreme Court of Kazakhstan. On 24 September 2014, the Supreme Court of Kazakhstan made a decision in favour of the Group and cancelled tax notice issued by tax authorities on assessments of the tax inspection. Accordingly, in 2014 the Group reversed interest and penalty recognised in 2013 within administrative expenses for Tenge 3,407 million (Note 12) and corporate income tax for Tenge 2,984 million (Note 18).

(b) Complex tax inspections of the Group entities

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 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.

As at 31 December 2014 tax authorities completed complex tax inspection of APPAK LLP covering tax liabilities for all taxes and other mandatory payments for 2010-2012. Based on the results of the tax inspection, APPAK LLP was issued a notice of additional assessments for total amount of Tenge 2,312 million (including corporate income tax for Tenge 1,300 million, excess profit tax for Tenge 474 million, property tax for Tenge 368 million, mineral extraction tax for Tenge 170 million), interest for Tenge 758 million, and requirement to pay administrative fine for Tenge 1,156 million.

Management of the Group assessed that in respect of property tax and related mineral extraction tax the probability of payment of the assessed amounts is high. Accordingly the Group recognised liability for the assessed property tax and related mineral extraction tax. Nevertheless, in respect of other issues the Group's management believes that their interpretations of tax legislation are appropriate and tax position of the Group will be sustained.

40. Contingencies and Commitments (Continued)

On 30 June 2014, tax authorities completed complex tax inspection for 2009-2012 of JV KATKO LLP, the Group's associate (Note 25) engaged in extraction and sale of uranium products. Based on the results of inspections, JV KATKO LLP was issued with assessments for total amount of approximately Tenge 12 billion (the Group's share is approximately Tenge 6 billion). Consistently with the Group companies JV KATKO LLP recognised liability for the property tax and related mineral extraction tax. Other issues raised by the tax authorities have been appealed by management of JV KATKO LLP and are currently under evaluation.

Management expects that issues raised by tax authorities during the inspection of the Company, APPAK LLP and JV KATKO LLP would be included in tax inspection of the Group's other entities which are subsurface users and subject to complex tax inspections. Management cannot reliably estimate the amount of exposures in respect of possible tax assessments.

Privatisation

In 2014 the Government of Kazakhstan issued a decree on privatisation of certain non-core assets. According to this decree, the Group was recommended to dispose of interests in six subsidiaries and associates in 2014-2016. In 2014 the Group disposed of its interest in Kazgeomash LLP. As the final plan, including interest to be disposed of, has not been approved by the Shareholder of the Company, the Group did not account for relevant assets as non-current assets 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 Group 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.

Environmental obligations

As at the reporting date management concluded that the Group has no legal or constructive obligation to finance decommissioning, maintaining and dismantling of reactor BN-350. Events in the future may lead to the reconsideration of this matter. Depending on future developments management will reassess presence of obligation based on available facts and circumstances. Should obligations to finance activities for decommissioning of reactor BN-350 be transferred to the Group, this would require the recognition of appropriate provision.

Guarantees

Guarantees are irrevocable assurances that the Group 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 43,860 million (2013: Tenge 38,186 million).

In 2014, Kyzylkum LLP, for which the Group issued financial guarantee to lenders, breached the covenants due to transfer of the subsurface use contract (Note 22). Breach of covenants entitles lenders to demand immediate repayment from Kyzylkum LLP and the Group. Despite of this, the Group did not recognise provision for the guarantee to Kyzylkum LLP because management assessed that the event that lender would claim the outstanding amounts from Kyzylkum LLP or the Group is not probable. Management based its assessment on the following factors:

- certain lenders confirmed that they did not intend to exercise their right to immediately demand repayment of outstanding amounts from Kyzylkum LLP or the Group before debt restructuring issues are resolved;
- as of the date the issuance of these financial statements Kyzylkum LLP, the Group and other investors are in negotiations with the lenders about restructuring by including Khorasan-U LLP, new owner of mineral rights, into loan agreements as co-borrower;
- Kyzylkum LLP has financial ability to repay the current debt.

As at 31 December 2014 the amount due from Kyzylkum LLP was Tenge 15,366 million.

40. Contingencies and Commitments (Continued)

Compliance with covenants

The Group is subject to certain covenants related primarily to its loans and borrowings (Note 36). Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings. The Group was in compliance with covenants at 31 December 2014 and 31 December 2013.

Memoranda with South-Kazakhstan and Kyzylorda regions akimats

As disclosed in Note 21, in December 2014, the Group signed with South Kazakhstan and Kyzylorda akimats memoranda on cooperation based on the 2015-2016 socio-economic development framework. In accordance with those memoranda social facilities owned by the Group are expected to be transferred to public ownership and financed by the Group for Tenge 3.6 billion in 2015-2016. Memoranda also envisage financing of construction of three social facilities for the total amount of Tenge 3.2 billion and business centre in Shymkent in 2015-2016. As memoranda are not legally binding, at 31 December 2014 the Group did not recognise provision for financing of socio-economic development.

Subsurface use commitments

The Group has capital commitments of Tenge 5,978 million under subsurface use contracts annual minimum working programs approved for 2015.

41. Non-controlling Interest

The following table provides information about each subsidiary that has non-controlling interest that is material to the Group at 31 December 2014:

Name	Country of incorporation and principal place of business	Ownership rights held by non-controlling interest	Voting rights held by non-controlling interest	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest
Ulba Metallurgical Plant JSC	Kazakhstan	10%	10%	180	4,976
Appak LLP	Kazakhstan	35%	35%	302	3,548
JV SARECO LLP	Kazakhstan	49%	49%	(415)	2,039
Total				**67**	**10,563**

The following table provides information about each subsidiary that has non-controlling interest that is material to the Group at 31 December 2013:

Name	Country of incorporation and principal place of business	Ownership rights held by non-controlling interest	Voting rights held by non-controlling interest	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest
Ulba Metallurgical Plant JSC	Kazakhstan	10%	10%	271	4,793
Appak LLP	Kazakhstan	35%	35%	872	3,246
JV SARECO LLP	Kazakhstan	49%	49%	(87)	2,208
Total				**1,056**	**10,247**

41. Non-controlling Interest (Continued)

The summarised financial information of these subsidiaries was as follows:

In millions of Kazakhstani Tenge	Ulba Metallurgical Plant JSC 2014	Ulba Metallurgical Plant JSC 2013	APPAK LLP 2014	APPAK LLP 2013	JV SARECO LLP 2014	JV SARECO LLP 2013
Current assets	27,679	24,949	9,508	7,464	883	428
Non-current assets	34,439	35,059	14,054	14,540	4,490	4,599
Current liabilities	(2,521)	(2,320)	(12,180)	(5,723)	(1,213)	(499)
Non-current liabilities	(6,059)	(5,625)	(1,248)	(7,010)	-	(21)
Equity attributable to the Group	48,562	47,270	6,586	6,025	2,121	2,299
Non-controlling interest	4,976	4,793	3,548	3,246	2,039	2,208
Revenue	32,175	32,855	17,934	18,368	119	156
Expense	(30,387)	(31,543)	(17,070)	(15,449)	(965)	(675)
Profit/(loss) for the year	**1,788**	**1,312**	**864**	**2,919**	**(846)**	**(519)**
Profit attributable to the owners of the Company	1,608	1,278	562	1,958	(431)	(432)
Profit attributable to non-controlling interest	180	34	302	961	(415)	(87)
Profit/(loss) for the year	**1,788**	**1,312**	**864**	**2,919**	**(846)**	**(519)**
Other comprehensive income/(loss)	**(178)**	**14**	**-**	**-**	**-**	**-**
Total comprehensive income/(loss) for the year	**1,610**	**1,326**	**864**	**2,919**	**(846)**	**(519)**
Dividends paid to non-controlling interest during the year	-	-	-	-	-	-
Net cash inflow/(outflow) from:						
- operating activities	1,991	(652)	4,547	5,089	(1,063)	(469)
- investing activities	(1,516)	1,973	(1,540)	(1,389)	(95)	168
- financing activities	(131)	(276)	(3,748)	(5,759)	1,148	262
Net cash inflow/(outflow)	**344**	**1,045**	**(741)**	**(2,059)**	**(10)**	**(39)**

42. Principal Subsidiaries

These consolidated financial statements include the following subsidiaries:

In millions of Kazakhstani Tenge	Principal activity	Ownership/voting 2014	Ownership/voting 2013
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%	100%
Kazatomprom-Demeu LLP	Social services, construction and management of social services facilities in subsurface use areas	90%	90%
Bailanys-NAK LLP	Communication services	100%	100%
Korgan Kazatomprom LLP	Security services	100%	100%
APPAK LLP	Exploration, extraction and initial processing of uranium-containing ores	65%	65%
Ulba Metallurgical Plant JSC	Production and processing of uranium materials, production of rare metals and semiconductor materials	90%	90%
Volkovgeologiya JSC	Exploration and research of uranium reserves, drilling services, monitoring of radiation level and environment conditions	90%	90%
High Technology Institute LLP	Research, project, development and engineering consulting services	100%	100%
Kyzyltu LLP	Exploration, extraction and processing of molybdenum-copper ores with uranium content	76%	76%
JV SARECO LLP	Ore enrichment, hydro-metallurgical production of rare metals concentrates, chemical production of rare metals	51%	51%
Ecoenergomash LLP	Production of vertical wind power station for complex renewable power supply systems	100%	100%
MK KazSilicon LLP	Production and sale of metallurgical and polycrystalline silicon, recycling of silicon production waste	100%	100%
Kazakhstan Solar Silicon LLP	Production of silicon of solar quality, silicon slices and photovoltaic slices	100%	100%
Astana Solar LLP	Production of silicon of solar quality, silicon slices and photovoltaic slices and photovoltaic modules	100%	100%
JV KT Rare Metals Company LLP	Project feasibility works for exploration of rare metals	51%	51%
DP Ortalyk LLP	Production services, processing to chemical uranium concentrate and mine development services	100%	100%
Kazakhstan Nuclear University LLP	Education services	100%	100%
Remmontazhservice LLP	Field piping, repairs, production of non-standard equipment and maintenance	100%	100%
TGHP LLP	Exploration, production and preliminary processing of uranium ore	100%	100%
Stepnoe RU LLP	Exploration, production and preliminary processing of uranium ore	100%	100%
Rudoupravlenie 6 LLP	Exploration, production and preliminary processing of uranium ore	100%	100%
Trade and Transportation Company LLP	Procurement and transportation services	99.9998%	99.9998%
SC CAM LLP	Testing, quality control, metrology and standardisation	100%	100%
Kutkarushi Tau-ken LLP	Firefighting services	100%	100%
Geotechnoservice LLP	Development of mining works plans, mining projects, geophysical research	100%	100%
Kazatomprom-Sorbent LLP	Supply of ion exchange resin	-	51%

All subsidiaries are incorporated and operate in Kazakhstan.

43. Disposal of Investment and Loss of Control

In 2008, the Group entered into an Agreement (the "Agreement") to dispose of 49% of its interest in Semizbay-U LLP to Beijing Sino-Kaz Uranium Resources Investment Company Limited ("Sino-Kaz").

The Agreement entitled Sino-Kaz to a minimum distribution of annual net income of Semizbay-U LLP in the period 2010 until 2033. The payments of these distributions were guaranteed by the Group. This liability was measured at fair value at inception and was subsequently measured at amortised cost.

The disposal of the Group's interest in Semizbay-U LLP required regulatory approval in Kazakhstan and this approval was a condition precedent in the Agreement. As of 31 December 2012, regulatory approval had not been achieved.

In 2012, the Group signed an amicable agreement with Sino-Kaz regarding the conditions of the Agreement. The relevant terms of the amicable agreement included obtaining all necessary Kazakhstan regulatory approvals for the sale transaction (this occurred on 30 May 2013) and the following:

- The parties agreed to reassess the fair value of the 49% interest in Semizbay-U LLP. As a result, the Group repaid to Sino-Kaz USD 132 million (equivalent to Tenge 19,973 million) on 7 June 2013, which represented the difference between the original contractual obligation and the fair value of the 49% interest in Semizbay-U LLP;

- The parties agreed to cancel the guaranteed minimum dividends payable by Semizbay-U LLP for the period 2012 to 2033. The amortised cost of the financial liability as of 30 May 2013 was USD 308 million (Tenge 46, 676 million).

As a result of the amicable agreement, the Group no longer had the unilateral ability to direct the relevant activities of Semizbay-U LLP; rather, the power over these decisions is shared with Sino-Kaz. The Group deconsolidated its investment in Semizbay-U LLP and recognised its retained interest at fair value on the date control was lost. The Group accounted for the cancelation of the minimum guaranteed dividend payable as an extinguishment of financial liability.

As a result of these transactions, the Group recognised a gain of Tenge 23,930 million.

43. Disposal of Investment and Loss of Control (Continued)

The effect of the disposal of the subsidiary was recognized in the consolidated financial statements as follows:

In millions of Kazakhstani Tenge	
Non-current assets	
Property, plant and equipment and mine development assets	20,002
Intangible assets	569
Accounts receivable	661
Other non-current assets	1,140
Total non-current assets	**22,372**
Current assets	
Inventory	7,450
Accounts receivable	2,819
Deferred tax asset	585
Other current assets	1,107
Cash and cash equivalents	1,239
Total current assets	**13,200**
Total assets	**35,572**
Non-current assets	
Loans and borrowings	4,843
Deferred tax liabilities	724
Provisions	805
Other non-current liabilities	5,515
Total non-current liabilities	**11,887**
Current liabilities	
Loans and borrowings	6,837
Employee benefits	58
Accounts payable	2,647
Provisions	40
Other current liabilities	66
Total current liabilities	**9,648**
Total liabilities	**21,535**
Net assets at the disposal date	**14,037**
Less: fair value of 51% of interest retained	(11,264)
Less: amortised cost of the minimum guaranteed dividends payable	(46,676)
Cash payment	19,973
Gain on settlement of financial liability and disposal of subsidiary	**23,930**

43. Disposal of Investment and Loss of Control (Continued)

In April 2014 the Group disposed 100% of shares in Aktaugazservice JSC, a subsidiary of MAEK-Kazatomprom LLP.

Following this transaction, the Group recognised a gain in the amount of Tenge 191 million in profit or loss for 2014. The effect of disposal of Aktaugazservice JSC was recognised in the consolidated financial statements as follows:

In millions of Kazakhstani Tenge	
Non-current assets	
Property, plant and equipment	748
Intangible assets	3
Total non-current assets	**751**
Current assets	
Inventories	20
Accounts receivable	224
Other current assets	4
Cash and cash equivalents	176
Total current assets	**424**
Total assets	**1,175**
Non-current liabilities	
Deferred tax liabilities	27
Total non-current liabilities	**27**
Current liabilities	
Employee benefits	25
Accounts payable	57
Other current liabilities	56
Total current liabilities	**138**
Total liabilities	**165**
Net assets at the disposal date	**1,010**
Consideration received	1,201
Gain on disposal of subsidiary	**191**

43. Disposal of Investment and Loss of Control (Continued)

In 2014, the Group reclassified the investment in subsidiary Kazatomprom-Sorbent LLP to joint venture. Following this transaction, the Group recognised a gain of Tenge 17 million in profit or loss for 2014. The effect of the reclassification of Kazatomprom-Sorbent LLP was recognised in the consolidated financial statements as follows:

In millions of Kazakhstani Tenge	
Non-current assets	
Property, plant and equipment	120
Other	21
Total non-current assets	**141**
Current assets	
Inventories	457
Accounts receivable	106
Other current assets	3
Cash and cash equivalents	15
Total current assets	**581**
Total assets	**722**
Non-current liabilities	
Deferred tax liabilities	3
Total non-current liabilities	**3**
Current liabilities	
Accounts payable	483
Other current liabilities	29
Total current liabilities	**512**
Total liabilities	**515**
Net assets at the disposal date	**207**
Non-controlling interest	102
Fair value of investment in joint venture	122
Gain on disposal of subsidiary	**17**

44. Offsetting Financial Assets and Financial Liabilities

Financial instruments subject to offsetting are as follows at 31 December 2014:

In millions of Kazakhstani Tenge	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position
Assets			
Accounts receivable	31,686	(31,686)	-
Total assets subject to offsetting	**31,686**	**(31,686)**	**-**
Liabilities			
Loans and borrowings	32,222	(31,686)	536
Total liabilities subject to offsetting	**32,222**	**(31,686)**	**536**

The amount set off in the statement of financial position is the lower of (i) the gross amount before offsetting and (ii) the amount of the related instrument that is eligible for offsetting.

As disclosed in Note 22, the Group has liability in lieu of promissory notes issued in favour of JV Betpak Dala LLP and Kyzylkum LLP and a claim in lieu of promissory notes received from JV South Mining Chemical Company LLP and JV Khorasan LLP. In accordance with terms of the agreements on purchase and sale of exploration and mining development assets the Group has right to endorse the promissory note from debtors to creditors. In addition, applicable legislation allows an entity to transfer promissory notes through endorsement. These fall in the scope of the disclosure as they were set off in the statement of financial position.

45. Financial Risk Management

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

In millions of Kazakhstani Tenge	Note	2014	2013
Financial assets			
Other investments	27	67,052	67,055
Trade accounts receivable	28	56,988	33,329
Other accounts receivable	28	108	314
Restricted cash	30	5,981	6,590
Dividends receivable from related parties	30	3,768	6,467
Loans to employees	30	1,507	1,903
Term deposits	32	4,537	2,597
Loans to related parties	33	21,586	19,534
Current bank accounts	34	28,432	15,461
Demand deposits	34	918	1,632
Cash in hand	34	82	59
Total financial assets		**190,959**	**154,941**

45. Financial Risk Management (Continued)

In millions of Kazakhstani Tenge	Note	2014	2013
Financial liabilities			
Bonds	36	91,705	76,970
Bank loans	36	44,312	43,319
Non-bank loans	36	519	382
Other	36	536	-
Trade accounts payable	38	57,163	33,599
Other accounts payable	38	6,396	526
Historical costs liabilities	39	2,942	2,921
Other accrued financial liabilities	39	559	472
Preferred shares	39	265	265
Dividends payable to other participants	39	240	197
Total financial liabilities		**204,637**	**158,651**

The risk management function within the Group 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 Group operations. The Group 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.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group'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 Group's risk management framework. The Board has established a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

Credit risk

The Group 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 Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. Financial assets, which potentially expose the Group to credit risk, consist mainly of trade and other receivables, cash and cash equivalents, term deposits and loans to employees and related parties.

The Group'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 Group had placements as at 31 December 2014:

In millions of Kazakhstani Tenge	Rated Standard & Poor's B	Rated Standard & Poor's C	Other	Total
Restricted cash	5,961	20	-	5,981
Term deposits	4,269	268	-	4,537
Bank accounts	9,247	18,644	541	28,432
Demand deposits	60	858	-	918
Total	**19,537**	**19,790**	**541**	**39,868**

45. Financial Risk Management (Continued)

The table below shows credit ratings of banks where the Group had placements as at 31 December 2013:

In millions of Kazakhstani Tenge	Rated Standard & Poor's B	Rated Standard & Poor's C	Other	Total
Restricted cash	4,886	1,704	-	6,590
Term deposits	2,122	475	-	2,597
Bank accounts	8,864	6,262	335	15,461
Demand deposits	1,177	455	-	1,632
Total	**17,049**	**8,896**	**335**	**26,280**

The Group'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 Group'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 Group is exposed to concentrations of credit risk. Approximately 45% of the Group's revenue for 2014 (40% of trade accounts receivable at 31 December 2014) is attributable to sales transactions with seven main customers (2013: 40% of revenues and 45% of trade accounts receivable with two main customers). The Group defines counterparties as having similar characteristics if they are related entities.

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

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

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

In millions of Kazakhstani Tenge	2014	2013
China	17,684	3,292
Kazakhstan	10,917	9,404
Canada	10,213	-
European Union	7,620	2,016
USA	5,804	16,202
Japan	4,518	2,134
Russia	217	157
Other	15	124
Total	**56,988**	**33,329**

The most significant clients of the Group are China Nuclear Energy Industry Corporation, TradeTech and CGNPC Uranium Resources Company Limited and Uranium One Inc. As at 31 December 2014, the cumulative balance receivable from these clients was Tenge 23,413 million (2013: Tenge 14,679 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 (2014: 5.5%; 2013: 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.

45. Financial Risk Management (Continued)

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

	2014		2013	
In millions of Kazakhstani Tenge	**Trade accounts receivable**	**Other accounts receivable**	**Trade accounts receivable**	**Other accounts receivable**
Not past due and not impaired	**55,789**	**108**	**31,958**	**314**
Past due but nor impaired				
Past due for 0-30 days	1,063	-	1,371	-
Past due for 31-120 days	136	-	-	-
Past due for more than 120 days	-	-	-	-
Total past due but not impaired	**1,199**	**-**	**1,371**	**-**
Past due and impaired				
Past due for 0-30 days	-	-	-	-
Past due for 31-120 days	-	-	-	-
Past due for more than 120 days	1,328	380	1,285	702
Total past due and not impaired	**1,328**	**380**	**1,285**	**702**
Provision for impairment	(1,328)	(380)	(1,285)	(702)
Total	**56,988**	**108**	**33,329**	**314**

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:

In millions of Kazakhstani Tenge	**Trade accounts receivable**	**Other accounts receivable**
Provision at 1 January	631	1,576
Provision for the year	678	14
Reversal	-	(834)
Amounts written-off	(24)	(54)
Provision at 31 December 2013	**1,285**	**702**
Provision for the year	204	10
Reversal	(9)	(13)
Disposal of subsidiary	(1)	1
Changes in estimates	(7)	7
Amounts written-off	(142)	(327)
Translation to presentation currency	(2)	-
Provision at 31 December 2014	**1,328**	**380**

Credit risk exposure in respect of loans to related parties (Note 33) and loans to employees (Note 30) arises from possibility of non-repayment of extended funds. For loans to joint ventures and associates and employees the Group manages the credit risk by requirement to provide collateral in lieu of borrowers' property. Borrowers do not have a credit rating.

45. Financial Risk Management (Continued)

Liquidity risk

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

The Group seeks to maintain a stable funding base primarily consisting of borrowing, trade and other payables and debt securities. The Group'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 Group's reputation. The Group 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 Group 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 Group's undrawn borrowing facilities and available cash and cash equivalents, including term deposits, which are the important instruments in managing the liquidity risk:

In millions of Kazakhstani Tenge	2014	2013
Current deposits	3,484	3,259
Bank accounts	28,432	15,461
Undrawn borrowing facilities	17,438	28,259
Total	**49,354**	**46,979**

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. 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.

As disclosed in Note 4, the Group plans to refinance bonds in May 2015.

45. Financial Risk Management (Continued)

The following are the contractual maturities of financial liabilities at 31 December 2014:

In millions of Kazakhstani Tenge	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
Bonds	91,705	94,024	-	-	94,024	-	-
Bank loans	44,312	45,715	103	20,761	10,098	8,295	6,458
Non-bank loans	519	519	-	-	249	-	270
Other	536	536	536	-	-	-	-
Trade accounts payable	57,163	57,163	-	56,848	-	315	-
Other accounts payable	6,396	6,396	-	6,396	-	-	-
Other accrued financial liabilities	559	559	-	-	559	-	-
Historical costs liabilities	2,942	3,516	-	120	571	2,525	300
Preferred shares	265	265	-	-	-	-	265
Dividends payable to other participants	240	240	240	-	-	-	-
Total	**204,637**	**208,933**	**879**	**84,125**	**105,501**	**11,135**	**7,293**

The following are the contractual maturities of financial liabilities at 31 December 2013:

In millions of Kazakhstani Tenge	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
Bonds	76,970	84,005	-	-	4,800	79,205	-
Bank loans	43,319	45,068	249	8,226	22,097	7,788	6,708
Non-banks loans	382	382	-	9	126	-	247
Trade accounts payable	33,599	33,599	-	31,265	-	2,334	-
Other accounts payable	526	526	-	499	-	27	-
Other financial liabilities	10,720	10,720	2,613	196	3,797	-	4,114
Preferred shares	265	265	-	-	-	-	265
Total	**165,781**	**174,565**	**2,862**	**40,195**	**30,820**	**89,354**	**11,334**

45. Financial Risk Management (Continued)

Market risk

The Group takes on exposure to market risks. Market risk is the risk that changes in market prices will have a negative impact on the Group'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 Group 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 Group. Therefore, in most cases, economic hedging is achieved without derivatives.

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

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

In millions of Kazakhstani Tenge	2014	2013
Denominated in US Dollars		
Trade accounts receivable	48,112	23,047
Loans to related parties	17,941	14,560
Bank accounts	14,365	2,932
Term deposits	2,614	-
Restricted cash	-	501
Total assets	**83,032**	**41,040**
Bonds	(91,705)	(76,970)
Bank loans	(31,113)	(24,472)
Trade accounts payable	(14,303)	(2,926)
Historical costs liabilities	(2,942)	(2,922)
Total liabilities	**(140,063)**	**(107,290)**
Net exposure to currency risk	**(57,031)**	**(66,250)**

The following exchange rates applied during the year:

	2014		**2013**	
In Kazakhstani Tenge	**Average rate**	**Spot rate at reporting date**	**Average rate**	**Spot rate at reporting date**
1 US Dollar	179.19	182.35	152.14	153.61

45. Financial Risk Management (Continued)

A 17.37% weakening and 17.37% strengthening of Tenge against USD as at 31 December 2014 (2013: 30% and 10%) would increase (decrease) equity and profit or loss by the amounts shown below.

In millions of Kazakhstani Tenge	**2014**	**2013**
US Dollar strengthening by 17.37% (2013: 30%)	(7,925)	(19,975)
US Dollar weakening by 17.37% (2013: 10%)	7,925	6,625

17.37% 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 2014.

Price risk on the uranium products

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

Uranium prices historically fluctuate and are affected by numerous factors outside of the Group'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 Group'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 Group over the expected period until maturity.

As at 31 December 2014, approximately 70% (2013: 70%) of the Groups borrowings have a fixed interest rate.

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

In millions of Kazakhstani Tenge	**2014**	**2013**
Fixed rate instruments		
Restricted cash	5,981	6,531
Term deposits	4,537	2,597
Loans to related parties	21,586	19,534
Demand deposits	918	-
Bank loans	(3,232)	(7,462)
Non-bank loans	(519)	(382)
Bonds	(91,705)	(76,970)
Other	(536)	-
Net position	**(62,970)**	**(56,152)**
Floating rate instruments		
Bank loans	(41,080)	(35,857)

45. Financial Risk Management (Continued)

Fair value sensitivity analysis for fixed rate instruments

The Group 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.

Fair value sensitivity analysis for floating rate instruments

An increase (decrease) of 200 basis points (2013: 100 basis points and a decrease of 25 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.

In millions of Kazakhstani Tenge	2014	2013
Increase of 200 basis points (2013: 100 basis points)	(822)	(359)
Decrease of 200 basis points (2013: 25 basis points)	822	90

Fair values versus carrying amounts

With the exception of instruments specified in the following table, the Group 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:

	2014		2013	
In millions of Kazakhstani Tenge	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Bonds	91,705	85,074	76,970	72,605
Bank loans	44,312	44,301	43,319	42,659
Historical costs liabilities	2,942	3,516	2,921	2,921
Non-bank loans	519	386	382	273
Total	**139,478**	**133,277**	**123,592**	**118,458**

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 Group's policy is to maintain a strong capital base so as to safeguard the Group'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 Group. The Group 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 Group follows the Shareholder's 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 Group, 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 Group has complied with all externally imposed capital requirements throughout 2014 and 2013, including covenants (Note 36).

46. Fair Value Disclosures

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 is 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.

47. 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 Group'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 Group's financial liabilities were classified in other financial liabilities category.

48. Events After the Reporting Date

Bonds refinancing

As disclosed in Note 36, on 19 January 2015 the Group signed an agreement on unsecured syndicated loan with five banks for the total amount of USD 450 million. The purpose of the loan is to refinance bonds. The loan is repayable by equal instalments starting from September 2015 till June 2019.

Borrowings

On 21 January 2015 the Group received USD 30 million short-term loan from Mizuho Nederland N.V. On 6 February 2015 the Group received USD 30 million short-term loan from Societe Generale.