JSC National Atomic Company Kazatomprom

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

31 December 2014

JSC NATIONAL ATOMIC COMPANY KAZATOMPROM

Content

INDEPENDENT AUDITOR'S REPORT

SEPARATE FINANCIAL STATEMENTS

Separate Statement of Profit or Loss and Other Comprehensive Income 1
Separate Statement of Financial Position 2
Separate Statement of Cash Flows 3
Separate Statement of Changes in Equity 4

Notes to the Separate Financial Statements

1. Kazatomprom Group and its Operations 5
2. Operating Environment of the Company 5
3. Summary of Significant Accounting Policies 6
4. Critical Accounting Estimates and Judgements in Applying Accounting Policies 21
5. Adoption of New or Revised Standards and Interpretations 24
6. New accounting pronouncements 25
7. Segment information 27
8. Balances and Transactions with Related Parties 28
9. Revenue 30
10. Cost of Sales 30
11. Distribution Expenses 30
12. Administrative Expenses 31
13. Impairment losses 31
14. Other Income 32
15. Other Expenses 33
16. Personnel Costs 33
17. Finance Income and Costs 34
18. Income Tax Expense 34
19. Intangible Assets 36
20. Property, Plant and Equipment 37
21. Mine Development Assets 38
22. Mineral Rights 39
23. Exploration and Evaluation Assets 40
24. Investments in Subsidiaries 41
25. Investments in Associates 43
26. Investments in Joint Ventures 44
27. Other Investments 45
28. Accounts Receivable 46
29. Assets Held for Distributions to Ultimate Controlling Party 46
30. Other Assets 47
31. Inventories 47
32. Loans to Related Partie 48
33. Cash and Cash Equivalents 48
34. Share Capital 49
35. Loans and Borrowings 49
36. Provisions 51
37. Accounts Payable 53
38. Other Financial Liabilities 53
39. Contingencies and Commitments 53
40. Offsetting Financial Assets and Financial Liabilities 56
41. Financial Risk Management 57
42. Fair Value of Financial Instruments 65
43. Presentation of Financial Instruments by Measurement Category 65
44. Events After the Reporting Date 65

Independent Auditor's Report

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

We have audited the accompanying separate financial statements of National Atomic Company Kazatomprom JSC, which comprise the separate statement of financial position as at 31 December 2014 and the separate 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 Separate Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate 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

pwc

Independent Auditor's Report (continued)

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of National Atomic Company Kazatomprom JSC as at 31 December 2014, and its 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)

In millions of Kazakhstani Tenge	Note	2014	2013 (restated)
Revenue	9	202,325	166,302
Cost of sales	10	(165,525)	(140,036)
Gross profit		**36,800**	**26,266**
Distribution expenses	11	(2,380)	(1,808)
General and administrative expenses	12	(5,042)	(12,543)
Reversal of impairment of assets		-	833
Impairment losses	13	(2,169)	(13,416)
Net foreign exchange loss		(16,454)	(1,005)
Other income	14	2,270	1,140
Other expenses	15	(1,760)	(28,242)
Finance income	17	27,518	37,492
Finance costs	17	(7,966)	(7,209)
Profit before tax		**30,817**	**1,508**
Income tax expense	18	(1,526)	(3,527)
PROFIT FOR THE YEAR		**29,291**	**(2,019)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		74	-
Other comprehensive income for the year		**74**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**29,365**	**(2,019)**

These separate 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 separate financial statements.

JSC NATIONAL ATOMIC COMPANY KAZATOMPROM
Separate Statement of Financial Position

In millions of Kazakhstani Tenge	Note	31 December 2014	31 December 2013 (restated)	1 December 2013 (restated)
ASSETS				
Non-current assets				
Intangible assets	19	808	647	804
Property, plant and equipment	20	12,689	6,450	6,841
Mine development assets	21	27,023	28,046	22,759
Mineral rights	22	1,630	1,699	838
Exploration and evaluation assets	23	6,962	4,601	2,320
Investments in subsidiaries	24	117,823	112,977	107,410
Investments in associates	25	22,998	16,469	15,909
Investments in joint ventures	26	29,895	29,895	2,825
Other investments	27	67,039	67,039	67,039
Accounts receivable	28	5,383	6,951	11,384
Deferred tax assets	18	-	1,501	1,118
VAT recoverable		-	-	2,858
Loans to related parties	32	29,778	25,000	25,857
Other non-current assets	30	8,845	11,194	8,754
		330,873	**312,469**	**276,716**
Current assets				
Accounts receivable	28	45,423	20,494	65,068
Prepaid income tax		8,332	4,271	3,412
VAT recoverable		23,987	24,415	19,893
Inventories	31	39,799	30,530	30,193
Assets distributable to the ultimate party	29	-	-	22,801
Loans to related parties	30	2,218	6,927	1,112
Cash and cash equivalents	33	15,261	4,761	24,308
Other current assets	30	3,133	4,181	1,915
		138,153	**95,579**	**168,702**
Non-current assets held for sale		20	58	755
		138,173	**95,637**	**169,457**
TOTAL ASSETS		**469,046**	**408,106**	**446,173**
EQUITY				
Share capital	34	36,692	36,692	36,692
Foreign currency translation reserve		(1,599)	(1,599)	(1,599)
Retained earnings		253,558	229,578	239,234
TOTAL EQUITY		**288,651**	**264,671**	**274,327**
LIABILITIES				
Non-current liabilities				
Loans and borrowings	35	-	77,290	76,719
Accounts payable	37	314	265	260
Provisions	36	12,049	11,205	8,076
Deferred tax liabilities	18	647	-	-
Employee benefits		146	148	-
Other financial liabilities	38	2,188	2,210	1,711
Other liabilities		-	1,689	1,679
		15,344	**92,807**	**88,445**
Current liabilities				
Loans and borrowings	35	106,754	20,173	2,401
Provisions	36	-	5	22,801
Accounts payable	37	51,967	25,719	40,951
Other tax and compulsory payments liabilities		4,163	2,134	3,616
Employee benefits		15	85	-
Income tax liabilities		-	718	-
Other financial liabilities	38	480	426	233
Accrued liabilites		1,416	1,173	1,473
Other current liabilities		256	195	11,926
		165,051	**50,628**	**83,401**
TOTAL LIABILITIES		**180,395**	**143,435**	**171,846**
TOTAL EQUITY AND LIABILITIES		**469,046**	**408,106**	**446,173**

These separate 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 separate financial statements.

In millions of Kazakhstani Tenge	2014	2013 (restated)
OPERATING ACTIVITIES		
Cash receipts from customers	200,997	225,392
Interest received	2,072	2,062
Payments to suppliers	(162,840)	(183,228)
Payments to employees	(2,753)	(2,871)
Cash flows from operating activities	**37,476**	**41,355**
Income tax paid	(145)	(7,330)
Interest paid	(6,184)	(5,490)
Cash flows from operating activities	**31,147**	**28,535**
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(6,187)	(3,744)
Proceeds from disposal of property, plant and equipment	-	7
Acquisition of intangible assets	(166)	(212)
Acquisition of mine development assets	(10,876)	(7,539)
Acquisition of exploration and evaluation assets	(1,691)	(1,487)
Placement of term deposits	(1,354)	(766)
Redemption of term deposits	388	-
Acquisition of investments in subsidiaries	(5,349)	(14,915)
Acquisition of investments in associates and joint ventures	(7,036)	(20,067)
Dividends received from subsidiaries	2,478	3,612
Dividends received from associates and other investments	20,459	23,275
Loans given	(730)	(5,352)
Settlement of loans given	4,063	1,800
Other	1,691	(11)
Cash flows used in investing activities	**(4,310)**	**(25,399)**
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	60,983	54,458
Repayment of loans and borrowings	(72,257)	(38,140)
Dividends paid to the shareholder (Note 34)	(5,385)	(19,388)
Other	-	(19,973)
Cash flows used in financing activities	**(16,659)**	**(23,043)**
Net increase/(decrease) in cash and cash equivalents	**10,178**	**(19,907)**
Cash and cash equivalents at the beginning of the year	4,761	24,308
Effect of exchange rate fluctuations on cash and cash equivalents	322	360
Cash and cash equivalents at the end of the year (Note 33)	**15,261**	**4,761**

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

Arifkhanov A.A.
Deputy Chairman of the Management Board

Kaliyeva Z.G.
Chief Accountant

In millions of Kazakhstani Tenge	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
At 1 January 2013	**36,692**	**(1,599)**	**239,234**	**274,327**
Profit for the year	-	-	(2,019)	(2,019)
Total comprehensive income for the year	**-**	**-**	**(2,019)**	**(2,019)**
Dividends declared	-	-	(7,637)	(7,637)
At 31 December 2013	**36,692**	**(1,599)**	**229,578**	**264,671**
Profit for the year	-	-	29,291	29,291
Remeasurements of post-employment benefit obligations	-	-	74	74
Total comprehensive income for the year	**-**	**-**	**29,365**	**29,365**
Dividends declared	-	-	(5,385)	(5,385)
At 31 December 2014	**36,692**	**(1,599)**	**253,558**	**288,651**

These separate 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 separate 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").

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, Republic of Kazakhstan. The principal place of business is the Republic of Kazakhstan.

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

JSC NAC Kazatomprom is an entity representing interests of the Republic of Kazakhstan at the beginning stages of the nuclear fuel cycle. The Company is a participant of a number of associates and joint ventures which generate significant portion of its current and prospective sources of revenue (Notes 25 and 26). The development strategy of the Company 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 Company finalised merger with Gornorudnaya Company LLP ("GRK"). 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 21). As at 31 December 2014 the Company was a party to the following contracts on production and exploration of uranium:

Mine/area	Stage	Contract date	Contract term	Subsurface user	Service company
Kanzhugan	Production	27.11.1996	25 years	Company	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.*

As 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. As at 31 December 2014 the aggregate number of employees exceeded 27 thousand (2013: 26 thousand) people.

2. Operating Environment of the Company

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 39).

The ongoing uncertainty and volatility of the financial markets, in particular in Europe and the Russian Federation, and other risks could have significant negative effects on financial and corporate sectors in Kazakhstan. Management assessed possible impairment of the Company'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 separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (Note 5).

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

The consolidated financial statements have been authorised for issue on behalf of management on 6 March 2015. These separate financial statements shall be read by users in conjunction with the consolidated financial statements as at and for the year ended 31 December 2014, for the purpose of obtaining complete information in financial position, results of operations and changes in financial position of the Company as a whole.

Presentation currency

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

Investments in subsidiaries, joint ventures and associates

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

Financial instruments

(i) Key measurement terms

Depending on their classification financial instruments are carried at fair value, cost, or amortised cost as described below.

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

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

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

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

3. Summary of Significant Accounting Policies (Continued)

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 Company does not apply hedge accounting.

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

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

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

(iii) Classification of financial liabilities

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

(iv) Initial recognition of financial instruments

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

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

3. Summary of Significant Accounting Policies (Continued)

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

(v) Derecognition of financial assets

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

(vi) Available-for-sale investments

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

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 Company and the cost of the item can be measured reliably. Specialised spare parts and servicing equipment with a significant initial value and a useful life of more than one year are recognised as an item of property, plant and equipment. Other spare parts and servicing-related equipment are recognised as inventories and accounted for in profit and loss for the year as retired.

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

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

(ii) Depreciation

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

	Useful lives in years
Buildings	10 to 45
Machinery and equipment	3 to 5
Vehicles	3 to 10
Other	3 to 20

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

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

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

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.

(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 Company is obliged to reimburse historical costs incurred by the government in respect of licensing areas prior to licence being issued. These historical costs are recognised as part of the acquisition cost with a corresponding liability equal to the present value of payments made during the licence period.

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

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

Exploration and evaluation assets

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

Exploration and evaluation assets comprise the capitalised costs incurred after the Company has obtained the legal rights to explore a specific area and prior to proving that viable production is possible and include geological and geophysical costs, the costs of 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 Company's decision whether or not progress to the production (development) stage.

Tangible exploration and evaluation assets are transferred to mine development assets upon demonstration of commercial viability of 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 Company does not amortise exploration and evaluation assets before commercial reserves (proved or commercial reserves) are found.

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

3. Summary of Significant Accounting Policies (Continued)

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

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

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

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

If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Basis for determination of cash-generating units is presented in Note 4.

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

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

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

Operating leases

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

3. Summary of Significant Accounting Policies (Continued)

Income taxes

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

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

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

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

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

Trade and other receivables

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

Inventories

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

3. Summary of Significant Accounting Policies (Continued)

Impairment of financial assets carried at amortised cost

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

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

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

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

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

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

Prepayments

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

Cash and cash equivalents

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

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 Company'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 separate 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 separate 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.

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

3. Summary of Significant Accounting Policies (Continued)

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

Trade and other payables

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

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Company's provisions include site restoration and other provisions (Note 36).

Provisions for assets retirement obligations

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

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

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

Financial guarantees

Financial guarantees are irrevocable contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Company enters into contracts to guarantee the indebtedness of associates, joint ventures and other related entities, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Foreign currency translation

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

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).

3. Summary of Significant Accounting Policies (Continued)

Revenue recognition

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

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

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

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

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

Employee benefits

(i) Long-term employee benefits

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

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

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

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

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

3. Summary of Significant Accounting Policies (Continued)

(ii) Payroll expense and related contributions

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

Earnings per share

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision maker. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately. The operations of the Company comprise one operational segment which is uranium production.

Business combinations involving entities under common control

Purchases of subsidiaries from the parties under common control are accounted for using the predecessor values method. Under this method assets and liabilities of the entities are accounted for in the financial statements at the carrying value at the date of transfer.

Assets and liabilities of the combined entity are presented as if the businesses had always been one entity. Accordingly, the financial statements combined entities from the beginning of the earliest period presented or, if later, the date when the combining entities were first brought under common control.

In 2014 merger of the GRK to the Company was completed. Accordingly, the figures as of 31 December 2013 and for the year then ended, have been restated. Presented below is the comparison of previously presented information with the comparative information in these separate financial statements.

In millions of Kazakhstani Tenge	As previously reported	GRK LLP	Eliminations	Reclassifi-cations	2013 (restated)
Revenue	166,255	45,569	(45,522)	-	166,302
Cost of sales	(141,988)	(43,219)	45,171	-	(140,036)
Gross profit	**24,267**	**2,350**	**(351)**	**-**	**26,266**
Distribution expenses	(1,814)	-	6	-	(1,808)
Administrative expenses	(11,055)	(1,834)	346	-	(12,543)
Reversal of impairment of assets	-	-	-	833	833
Impairment losses	-	-	-	(13,416)	(13,416)
Net foreign exchange loss	-	-	-	(1,005)	(1,005)
Other income	1,195	779	(1)	(833)	1,140
Other expenses	(33,764)	(2,348)	(5,546)	13,416	(28,242)
Finance income	32,026	1,687	3,779	-	37,492
Finance costs	(6,330)	(1,884)	-	1,005	(7,209)
Profit before tax	**4,525**	**(1,250)**	**(1,767)**	**-**	**1,508**
Income tax expense	(1,662)	(1,865)	-	-	(3,527)
PROFIT FOR THE YEAR	**2,863**	**(3,115)**	**(1,767)**	**-**	**(2,019)**
Other comprehensive income					
Other comprehensive income for the year	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,863**	**(3,115)**	**(1,767)**	**-**	**(2,019)**

3. Summary of Significant Accounting Policies (Continued)

In millions of Kazakhstani Tenge	As previously reported	GRK LLP	Eliminations	1 January 2013 (restated)
ASSETS				
Non-current assets				
Intangible assets	387	417	-	804
Property, plant and equipment	1,104	5,737	-	6,841
Mine development assets	4,128	18,631	-	22,759
Mineral rights	574	264	-	838
Exploration and evaluation assets	-	2,320	-	2,320
Investments in subsidiaries	80,634	31,750	(4,974)	107,410
Investments in associates	6,231	14,734	(5,056)	15,909
Investments in joint ventures	2,676	27	122	2,825
Other investments	67,039	93	(93)	67,039
Accounts receivable	7,444	3,940	-	11,384
Deferred tax assets	723	395	-	1,118
VAT recoverable	2,858	-	-	2,858
Loans to related parties	25,857	-	-	25,857
Other non-current assets	4,381	4,373	-	8,754
	204,036	**82,681**	**(10,001)**	**276,716**
Current assets				
Current accounts receivable	63,983	8,974	(7,889)	65,068
Prepaid income tax	769	2,643	-	3,412
VAT recoverable	19,893		-	19,893
Inventories	24,178	6,015	-	30,193
Assets distributable to the ultimate party	22,801	-	-	22,801
Loans to related parties	1,112	-	-	1,112
Cash and cash equivalents	22,127	2,181	-	24,308
Other current assets	13,732	642	(12,459)	1,915
	168,595	**20,455**	**(20,348)**	**168,702**
Non-current assets held for sale	668	87	-	755
	169,263	**20,542**	**(20,348)**	**169,457**
TOTAL ASSETS	**373,299**	**103,223**	**(30,349)**	**446,173**
EQUITY				
Share capital	36,692	9,758	(9,758)	36,692
Foreign currency translation reserve	(1,599)	464	(464)	(1,599)
Retained earnings	178,388	60,625	221	239,234
TOTAL EQUITY	**213,481**	**70,847**	**(10,001)**	**274,327**
LIABILITIES				
Non-current liabilities				
Loans and borrowings	76,719	-	-	76,719
Accounts payable	260	-	-	260
Provisions	559	7,517	-	8,076
Other financial liabilities	377	1,334	-	1,711
Other liabilities	1,679	-	-	1,679
	79,594	**8,851**	**-**	**88,445**
Current liabilities				
Loans and borrowings	1,665	736	-	2,401
Provisions	22,801	-	-	22,801
Accounts payable	41,804	7,036	(7,889)	40,951
Other tax and compulsory payments liabilities	843	2,773	-	3,616
Other financial liabilities	86	147	-	233
Accrued liabilites	1,167	306	-	1,473
Other current liabilities	11,858	12,527	(12,459)	11,926
	80,224	**23,525**	**(20,348)**	**83,401**
TOTAL LIABILITIES	**159,818**	**32,376**	**(20,348)**	**171,846**
TOTAL EQUITY AND LIABILITIES	**373,299**	**103,223**	**(30,349)**	**446,173**

3. Summary of Significant Accounting Policies (Continued)

In millions of Kazakhstani Tenge	As previously reported	GRK LLP	Eliminations	31 December 2013 (restated)
ASSETS				
Non-current assets				
Intangible assets	616	31	-	647
Property, plant and equipment	4,286	2,164	-	6,450
Mine development assets	28,046	-	-	28,046
Mineral rights	1,699	-	-	1,699
Exploration and evaluation assets	4,601	-	-	4,601
Investments in subsidiaries	87,386	39,049	(13,458)	112,977
Investments in associates	13,662	8,353	(5,546)	16,469
Investments in joint ventures	17,078	8,916	3,901	29,895
Other investments	67,039	93	(93)	67,039
Accounts receivable	6,951	-	-	6,951
Deferred tax assets	1,501	-	-	1,501
Loans to related parties	25,000	-	-	25,000
Other non-current assets	4,146	7,048	-	11,194
	262,011	**65,654**	**(15,196)**	**312,469**
Current assets				
Accounts receivable	20,404	17,875	(17,785)	20,494
Prepaid income tax	-	4,271	-	4,271
VAT recoverable	24,078	337	-	24,415
Inventories	30,452	78	-	30,530
Assets distributable to the ultimate party	6,927	-	-	6,927
Loans to related parties	4,381	380	-	4,761
Cash and cash equivalents	3,134	1,047	-	4,181
	89,376	**23,988**	**(17,785)**	**95,579**
Non-current assets held for sale	58	-	-	58
	89,434	**23,988**	**(17,785)**	**95,637**
TOTAL ASSETS	**351,445**	**89,642**	**(32,981)**	**408,106**
EQUITY				
Share capital	36,692	9,758	(9,758)	36,692
Foreign currency translation reserve	(1,599)	3,892	(3,892)	(1,599)
Retained earnings	173,614	57,510	(1,546)	229,578
TOTAL EQUITY	**208,707**	**71,160**	**(15,196)**	**264,671**
LIABILITIES				
Non-current liabilities				
Loans and borrowings	77,290	-	-	77,290
Accounts payable	265	-	-	265
Provisions	11,205	-	-	11,205
Employee benefits	148	-	-	148
Other financial liabilities	2,210	-	-	2,210
Other liabilities	1,689	-	-	1,689
	92,807	**-**	**-**	**92,807**
Current liabilities				
Loans and borrowings	1,696	18,477	-	20,173
Provisions	-	5	-	5
Accounts payable	43,504	-	(17,785)	25,719
Other tax and compulsory payments liabilities	2,134	-	-	2,134
Retirement benefit plans	85	-	-	85
Income tax liabilities	718	-	-	718
Other financial liabilities	426	-	-	426
Accrued liabilites	1,173	-	-	1,173
Other current liabilities	195	-	-	195
	49,931	**18,482**	**(17,785)**	**50,628**
TOTAL LIABILITIES	**142,738**	**18,482**	**(17,785)**	**143,435**
TOTAL EQUITY AND LIABILITIES	**351,445**	**89,642**	**(32,981)**	**408,106**

3. Summary of Significant Accounting Policies (Continued)

In millions of Kazakhstani Tenge	As previously reported	GRK LLP	Eliminations	2013 (restated)
OPERATING ACTIVITIES				
Cash receipts from customers	224,032	67,793	(66,433)	225,392
Interest received	1,560	502	-	2,062
Payments to suppliers	(183,655)	(56,698)	57,125	(183,228)
Payments to employees	(2,113)	(758)	-	(2,871)
Cash flows from operating activities	**39,824**	**10,839**	**(9,308)**	**41,355**
Income tax paid	(4,197)	(3,133)	-	(7,330)
Interest paid	(4,816)	(674)	-	(5,490)
Cash flows from operating activities	**30,811**	**7,032**	**(9,308)**	**28,535**
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(664)	(3,080)	-	(3,744)
Proceeds from disposal of property, plant and equipment	7	-	-	7
Acquisition of intangible assets	(211)	(1)	-	(212)
Acquisition of mine development assets	(12,111)	(4,736)	9,308	(7,539)
Acquisition of exploration and evaluation assets	(14)	(1,473)	-	(1,487)
Placement of term deposits	(125)	(641)	-	(766)
Acquisition of investments in subsidiaries	(11,555)	(3,360)	-	(14,915)
Acquisition of investments in associates and joint ventures	(19,403)	(664)	-	(20,067)
Dividends received from subsidiaries	15,904	167	(12,459)	3,612
Dividends received from associates and other investments	23,275	-	-	23,275
Loans given	(5,352)	-	-	(5,352)
Settlement of loans given	1,800	-	-	1,800
Other	(11)	-	-	(11)
Cash flows used in investing activities	**(8,460)**	**(13,788)**	**(3,151)**	**(25,399)**
FINANCING ACTIVITIES				
Proceeds from loans and borrowings	-	54,458	-	54,458
Repayment of loans and borrowings	(1,144)	(36,996)	-	(38,140)
Dividends paid to the shareholder	(19,388)	(12,459)	12,459	(19,388)
Other	(19,973)	-	-	(19,973)
Cash flows used in financing activities	**(40,505)**	**5,003**	**12,459**	**(23,043)**
Net decrease in cash and cash equivalent	**(18,154)**	**(1,753)**	**-**	**(19,907)**
Cash and cash equivalents at the beginning of the year	22,127	2,181	-	24,308
Effect of exchange rate fluctuations on cash and cash equivalents	408	(48)	-	360
Cash and cash equivalents at the end of the year (Note 33)	**4,381**	**380**	**-**	**4,761**

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

Going concern

As of 31 December 2014 current liabilities of the Company exceeded its current assets by Tenge 26,878 million. This fact is related to inclusion into current liabilities of five-year USD 500 million bonds (Note 35) issued in May 2010 and due in May 2015. The Company 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 Company 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 Company will continue as a going concern. In making such judgment management considered current plans, financial position and access to financial resources of the Company.

Uranium reserves

Uranium reserves are a critical component of the Company's projected cash flow estimates that are used to assess the recoverable values of assets and to determine depreciation and amortisation expense. Reserves estimation is performed based on results of detailed mine exploration and is evaluated and approved by State Reserves Commission (GKZ) of Kazakhstan Geology Committee. Reserves approved by GKZ are added to State balance and can be reassessed by GKZ on the basis of additional exploration. Need for additional exploration on the mine allotment appears (i) upon finding of new ore bodies during development activities; (ii) when detailed exploration evidences presence of uranium reserves on mine allotment that due to various reasons have not been assigned as commercial grade reserves and have not been added to State balance; or (iii) reserves write off upon non-confirmation report. Reserves non-confirmation occurs usually due to violations of phasing and methodology of exploration activities, unsubstantiated selection of exploration grid density, or incorrect linkage of ore intersections. Normally upon stripping during production actual reserves of each area are greater or lesser than geological reserves approved by GKZ. Subsurface user reports to the government reserves for the mine as a whole. Instances when balance reserves are systematically not confirmed for the mine as a whole are rare. Subsurface user cannot unilaterally change reserves by grades. Expert conclusion of GKZ is an integral part of a subsurface use contract and serves as a basis for development of mine (lot) production project and working programme of the subsurface use contract. The presence of reserves does not mean that all reserves will be 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 recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The calculation of value in use requires the Company to make estimates regarding the Company's future cash flows. The estimation of future cash flows involves significant estimates and assumptions regarding commodity prices (uranium and other products), the level of sales, discount rates, growth rates, operating costs and other factors. The impairment review and calculations are based on assumptions that are consistent with the Company's business plans. Due to its subjective nature, these estimates could differ from future actual results of operations and cash flows; any such difference may result in impairment in future periods and would decrease the carrying value of the respective asset.

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

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 relevant 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 Company identified each mine (contract territory) as a separate cash generating unit.

Based on the impairment assessment the Company 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 for assets (cash generating units) where impairment indications were identified:

- 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.

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)	18.85	18.90	19.58	20.95	23.12	(12,561)

- forecast production decrease by 50% would result in impairment loss of Tenge 3,307 million.

Provision for assets retirement obligations

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

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

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

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

Significant judgments used in such estimations include the estimate of discount rate and timing of cash flows. Discount rate is applied to the nominal costs the management expects to spend on mining assets retirement and waste polygons restoration in the future. Accordingly, management's estimates based on current prices are inflated using the expected long-term inflation rate (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 Company for calculation of provision as at 31 December 2014 is 6.3% (2013: 6.3%).

As of 31 December 2014, the carrying value of site restoration provision was Tenge 12,049 million (2013: Tenge 11,205 million) (Note 36). Management estimated that reasonably possible changes in key assumptions would not lead to significant changes in the amount of provision for assets retirement obligations.

Investments carried at cost

As disclosed in Note 27, in October 2007, the Company invested into Toshiba Nuclear Energy Holdings US, Inc. (TNEH-US) and Toshiba Nuclear Energy Holdings UK Ltd (TNEH-UK), by acquiring 10% Class A ordinary shares for a total amount of USD 540,000 thousand (TNEH-US USD 400,000 thousand and TNEH-UK USD 140,000 thousand). As the Company does not have significant influence over THEN-US and TNEH-UK and does not participate in financial and operating activities, these investments were classified as available for sale.

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

At the end of each reporting period management assess whether there is any indication of impairment of investments carried at cost. Management determined there were no impairment indicators at 31 December 2014 (2013: no impairment indicators).

Useful lives of property, plant and equipment

Estimated depreciation rates of uranium mining assets

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

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

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

Estimates of ore reserves can differ from period to period. This can affect the Company's financial results. Such changes in reserves can affect the depreciation charge, carrying amount of assets and provisions for assets retirement liabilities. As at 31 December 2014 the carrying amount of assets related to uranium and other production was Tenge 41,114 million (2013: Tenge 34,346 million).

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

Tax and transfer pricing legislation

Kazakhstani tax and transfer pricing legislation is subject to varying interpretations (Note 39).

Recoverable VAT

The Company 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 Company 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 40).

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 a material impact on the Company's separate 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 any impact on the Company's separate 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 Company's separate 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 Company's separate 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 Company has not early adopted.

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

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

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 Company's separate financial statements.

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.

6. New Accounting Pronouncements (Continued)

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 separate financial statements of the Company.

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.

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 separate financial statements of the Company.

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.

6. New Accounting Pronouncements (Continued)

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. These amendments have no effect on the separate financial statements of the Company.

The Company 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 Company operates as one segment which is uranium production (extraction of uranium, processing and sales of uranium products).

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

The Company's reporting 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 the segment is based on segment profit. Segment profit represents gross profit earned by the segment. This is the measure reported to allocate resources and assess segment performance.

Results and assets of the Company are comprised of one reporting segment. Accordingly, no information on separate reporting segments is presented in these separate financial statements. All non-current assets of the Company are located in the Republic of Kazakhstan.

7. Segment Information (Continued)

(d) Analysis of revenues by products and services

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

(e) 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
China	71,644	66,818
USA	39,841	40,726
France	28,119	30,928
India	17,941	-
Japan	13,473	9,652
Canada	10,174	-
Germany	9,467	
South Korea	7,600	7,633
Kazakhstan	4,066	1,009
Switzerland	-	5,573
Russia	-	3,963
Total revenue	**202,325**	**166,302**

The analysis is based on the domicile of the customer.

The Company has three customers whose revenues are 10% or more of the Company's aggregated revenues (2013: two customers). The aggregate amount of revenue from these customers constitutes 67% of total revenue of the Company 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 Company's services are provided on the standard terms available for all customers, or iii) where there is no choice of supplier of such services as electricity transmission services, telecommunications and etc.

At 31 December 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 32)	Borrowings (Note 35)	Accounts payable (Note 37)
Subsidiaries	10,354	733	10,423	-	4,390
Associates	439	-	-	536	32,965
Joint ventures	31	3,768	14,030	-	3,176
Entities under common control	27	-	-	-	2
Other	2	-	7,543	-	-
Total	**10,853**	**4,501**	**31,996**	**536**	**40,550**

8. Balances and Transactions with Related Parties (Continued)

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	Purchase of goods and services	Dividends to the parent (Note 34)
Subsidiaries	1,431	3,210	59,751	-
Associates	32,242	11,378	96,647	-
Joint ventures	62	6,383	29,129	-
Entities under common control	-	-	736	-
Parent	-	-	-	5,385
Other	27	-	334	-
Total	**33,762**	**20,971**	**186,597**	**5,385**

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

In millions of Kazakhstani Tenge	Accounts receivable (Notes 28, 30)	Dividends receivable (Note 30)	Loans given	Accounts payable (Note 37)
Subsidiaries	9,729	-	12,412	6,535
Associates	-	-	8,441	6,083
Joint ventures	26	6,466	4,954	11,692
Entities under common control	35	-	-	1
Other	1	-	6,120	1
Total	**9,791**	**6,466**	**31,927**	**24,312**

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	Purchase of goods and services	Dividends to the parent (Note 34)
Subsidiaries	3,787	3,158	740	-
Associates	11,203	21,714	28,921	-
Joint ventures	9,455	2,067	29,523	-
Entities under common control	602	-	109,706	-
Parent	-	-	-	7,637
Other	8	1,266	-	-
Total	**25,055**	**28,205**	**168,890**	**7,637**

Balances with related parties are payable in cash within 6 months after the reporting date. All accounts payable are not secured. Key management compensation is presented below:

	2014		2013	
In millions of Kazakhstani Tenge	Expense	Accrued liability	Expense	Accrued liability
Salaries and bonuses	344	8	441	6
Total	**344**	**8**	**441**	**6**

9. Revenue

In millions of Kazakhstani Tenge	2014	2013
Sales of uranium products	201,329	165,293
Other	996	1,009
Total revenue	**202,325**	**166,302**

10. Cost of Sales

In millions of Kazakhstani Tenge	2014	2013
Materials and supplies	85,978	77,999
Third party services	55,413	48,881
Taxes other than income tax	13,206	10,159
Depreciation of mining assets	9,735	2,219
Depreciation of reserves asset	654	53
Transportation expenses	149	189
Rent expenses	98	204
Depreciation and amortisation	57	25
Wages and salaries	18	188
Utilities	3	-
Social tax and salaries deductions	2	21
Insurance expenses	2	3
Other	210	95
Total cost of sales	**165,525**	**140,036**

11. Distribution Expenses

In millions of Kazakhstani Tenge	2014	2013
Shipping, transportation and storing	2,039	1,554
Rent	158	129
Advertising and marketing expenses	35	21
Depreciation	22	13
Business trip expenses	19	19
Wages and salaries	6	5
Materials and supplies	1	1
Cargo insurance	-	39
Other	100	27
Total distribution expenses	**2,380**	**1,808**

12. General and Administrative Expenses

In millions of Kazakhstani Tenge	2014	2013
Wages and salaries	4,475	3,766
Rent	729	589
Consulting, auditing and information services	691	612
Social aid to employees	558	1,022
Research expenses	543	1,461
Depreciation and amortisation	263	272
Business trip expenses	145	138
Taxes other than income tax	125	35
Training expenses	111	125
Tax fines and penalties	(2,960)	3,735
Other	362	788
Total general and administrative expenses	**5,042**	**12,543**

13. Impairment Losses

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

In millions of Kazakhstani Tenge	2014	2013
Investments in subsidiaries	1,364	7,870
Investments in associates	696	5,546
Other	109	-
Total impairment losses	**2,169**	**13,416**

Continued losses and deviations from initial development plans in relation to certain investments in subsidiaries, joint ventures and associates were considered by management as indication of impairment. Management performed an impairment test of respective investments as of 31 December 2014. The results of the test are as follows:

In millions of Kazakhstani Tenge	Carrying value	Recoverable amount	Impairment loss
Bailanys-NAK LLP	3,455	2,091	(1,364)
Uranenergo LLP	2,787	2,091	(696)
Total	**6,242**	**4,182**	**(2,060)**

Presented below are major assumptions applied by management in calculation of value in use of investments into Bailanys-NAK LLP as of 31 December 2014:

- discount rate – 12.95%;
- forecasted long-term inflation – 6%;
- average rate of sales increase in 2015-2019 – 10% and in amount of long-term inflation after 2019;
- average rate of expenses increase in 2015-2019 – 5% and in amount of long-term inflation after 2019.

Presented below are major assumptions applied by management in calculation of value in use of investments into Uranenergo LLP as of 31 December 2014:

- discount rate – 12.95%;
- long-term growth rate – 4.1%.

13. Impairment Losses (Continued)

The results of the impairment test on investments in subsidiaries, joint ventures and associates as of 31 December 2013 are presented in the table below:

In millions of Kazakhstani Tenge	Carrying value	Recoverable amount	Impairment loss
PE Ortalyk LLP	21,125	19,096	(2,029)
Uranenergo LLP	8,965	3,419	(5,546)
MK KazSilicon LLP	8,400	2,559	(5,841)
Total	**38,490**	**25,074**	**(13,416)**

Presented below are major assumptions applied by management calculation of value in use of investments into PE Ortalyk LLP as of 31 December 2013:

- discount rate – 12.08%;
- long-term growth rate based on forecasts of the Global Insight macroeconomic source, in the range of 2-2.6%;
- expected increase of uranium production up to 2004 tonnes till 2023;
- production volumes is agreed with the approved strategy and working programme, approved by the Government of the Republic of Kazakhstan;
- uranium prices have been agreed with the official publication of an independent source UX Consulting LLC published in the 4th quarter of 2013.

Presented below are major assumptions applied by management calculation of value in use of investments into MK KazSilicon LLP as of 31 December 2013:

- discount rate – 17.2%;
- long-term growth rate based on forecasts of the Global Insight macroeconomic source, in the range of 2-2.6%;
- silicon prices in accordance with long-term contracts signed with customers.

Presented below are major assumptions applied by management calculation of value in use of investments into Uranenergo LLP as of 31 December 2013:

- discount rate – 13.2%;
- long-term growth rate – 4.1%.

14. Other Income

In millions of Kazakhstani Tenge	2014	2013
Property received free of charge	1,804	17
Fines and penalties	277	349
Gain on disposal of non-current assets	182	-
Other	7	774
Total other income	**2,270**	**1,140**

15. Other Expenses

In millions of Kazakhstani Tenge	2014	2013
Social sphere expenses	1,522	1,139
Sponsorship and charitable deductions	136	1,120
Loss on disposal of intangible assets	38	11
Loss on disposal of non-current assets		19,943
Loss on disposal of property, plant and equipment	-	54
Provision on non-recoverable VAT	-	4,394
Other	64	1,581
Total other expenses	**1,760**	**28,242**

Loss on disposal of non-current assets includes loss on disposal of Semizbay-U subsidiary in amount of Tenge 19,973 million (Note 24).

At 31 December 2013 the Company recognised impairment of recoverable VAT for Tenge 4,393 million. 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 Company reassessed need for impairment of VAT and concluded that there were no changes that would require reversal of impairment provision.

Net foreign exchange loss

In millions of Kazakhstani Tenge	2014	2013
Foreign exchange loss on financing activities, net	(19,552)	(1,477)
Foreign exchange gain on operating activities, net	3,098	472
Total foreign exchange loss, net	**(16,454)**	**(1,005)**

16. Personnel Costs

In millions of Kazakhstani Tenge	2014	2013
Wages and salaries	3,815	3,900
Social tax and social contributions	381	404
Total personnel costs	**4,196**	**4,304**

17. Finance Income and Costs

In millions of Kazakhstani Tenge	2014	2013
Finance income		
Dividend income	20,971	28,205
Gain from remeasurement of financial assets	2,923	5,544
Interest income on loans given	2,843	-
Interest income on discounting of non-current accounts receivable	441	304
Interest income on term deposits, demand deposits and bank accounts	304	2,839
Other	36	600
Total finance income	**27,518**	**37,492**
Finance costs		
Interest expense on loans and borrowings	6,618	6,020
Unwinding of discount on provisions	873	549
Loss on remeasurement of financial assets	150	369
Loss on sales of foreign currency	49	59
Other	276	212
Total finance costs	**7,966**	**7,209**

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	2,602	1,754
Correction of prior periods	(3,432)	2,080
Deferred income tax/(benefit)	2,356	(307)
Total income tax expense	**1,526**	**3,527**

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

The income tax rate applicable to the Company's profit in 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	**30,817**	**1,508**
Theoretical tax charge at statutory tax rate of 20% (2013: 20%):	6,163	302
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income which is exempt from taxation	(4,257)	(6,204)
Non-deductible expenses	2,328	6,975
Transfer pricing adjustment	724	369
Current period tax losses for which no deferred tax asset is recognised	-	5
Prior periods adjustments	(3,432)	2,080
Income tax expense	**1,526**	**3,527**

Prior period adjustments include reversal of accrued Tenge 2,984 million transfer pricing assessment of tax authorities (Note 39).

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	Credited to subsidiaries (Note 24)	31 December 2014
Tax effect of deductible/(taxable) temporary differences				
Property, plant and equipment and intangible assets	(366)	(421)	-	(787)
Accounts receivable	92	(70)	208	230
Loans and borrowings	142	(142)	-	-
Provisions	1,221	(726)	-	495
Accrued liabilities	141	62	-	203
Tax losses carried forward	1,081	(874)	-	207
Taxes	420	405	-	825
Inventories	(1,230)	(590)	-	(1,820)
	1,501	**(2,356)**	**208**	**(647)**
Recognised deferred tax asset	**1,501**	**(1,709)**	**208**	**-**
Recognised deferred tax liabilities	**-**	**(647)**	**-**	**(647)**

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	Credited to subsidiaries (Note 24)	31 December 2013
Tax effect of deductible/(taxable) temporary differences				
Property, plant and equipment and intangible assets	(229)	(137)	-	(366)
Accounts receivable	1,467	(1,451)	76	92
Loans and borrowings	-	142	-	142
Provisions	(50)	1,271	-	1,221
Accrued liabilities	197	(56)	-	141
Tax losses carried forward	-	1,081	-	1,081
Taxes	487	(67)	-	420
Inventories	(754)	(476)	-	(1,230)
	1,118	**307**	**76**	**1,501**
Recognised deferred tax asset	**1,118**	**307**	**76**	**1,501**
Recognised deferred tax liabilities	**-**	**-**	**-**	**-**

Management believes that gross deferred tax assets in the amount of Tenge 725 million (2013: Tenge 2,394 million) and gross deferred tax liabilities in the amount of Tenge 787 million (2013: Tenge 366 million) may be recovered during the period of more than 12 months after the end of the reporting period.

19. Intangible Assets

In millions of Kazakhstani Tenge	Licences and patents	Software	Other	Total
At 1 January 2013				
Cost	38	366	553	957
Accumulated amortisation and impairment	(29)	(82)	(42)	(153)
Carrying value	**9**	**284**	**511**	**804**
Additions	-	211	-	211
Transfers	-	104	(6)	98
Amortisation charge	(4)	(77)	(16)	(97)
Disposals	-	(1)	(368)	(369)
At 31 December 2013				
Cost	38	672	146	856
Accumulated amortisation and impairment	(33)	(151)	(25)	(209)
Carrying value	**5**	**521**	**121**	**647**
Additions	32	134	-	166
Transfers	-	132	-	132
Amortisation charge	(2)	(127)	(8)	(137)
At 31 December 2014				
Cost	70	938	146	1,154
Accumulated amortisation and impairment	(35)	(278)	(33)	(346)
Carrying value	**35**	**660**	**113**	**808**

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

20. 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 2013							
Cost	1	2,966	3,089	197	563	2,655	9,471
Accumulated depreciation and impairment	-	(1,089)	(933)	(116)	(192)	(300)	(2,630)
Carrying amount	**1**	**1,877**	**2,156**	**81**	**371**	**2,355**	**6,841**
Additions	6	-	73	-	39	6,914	7,032
Transfers	-	613	18	-	-	(631)	-
Depreciation charge	-	(76)	(165)	(17)	(59)	-	(317)
Disposals	-	(1,854)	(1,314)	(48)	(59)	(3,738)	(7,013)
Transfers to inventories, mine development assets and intangible assets	-	-	-	-	(7)	(86)	(93)
At 31 December 2013							
Cost	7	728	971	113	464	4,815	7,098
Accumulated depreciation and impairment	-	(168)	(203)	(97)	(179)	(1)	(648)
Carrying amount	**7**	**560**	**768**	**16**	**285**	**4,814**	**6,450**
Additions	-	-	34	-	72	6,885	6,991
Transfers	-	3,383	1,103	9	87	(4,582)	-
Depreciation charge	-	(60)	(106)	(6)	(64)	-	(236)
Disposals	-	-	(1)	(4)	(1)	(16)	(22)
Transfers to inventories, mine development assets and intangible assets	-	-	-	-	(3)	(491)	(494)
At 31 December 2014							
Cost	7	4,111	2,079	72	593	6,611	13,473
Accumulated depreciation and impairment	-	(228)	(281)	(57)	(217)	(1)	(784)
Carrying amount	**7**	**3,883**	**1,798**	**15**	**376**	**6,610**	**12,689**

20. Property, plant and equipment (Continued)

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.

The amount of contract commitments for purchase of property, plant and equipment amounted to Tenge 1,424 million as of 31 December 2014.

21. Mine Development Assets

In millions of Kazakhstani Tenge	Field preparation	Site restoration costs	Ion exchange resin	Total
At 1 January 2013				
Cost	18,039	5,234	1,542	24,815
Accumulated depreciation and impairment	(2,000)	(56)	-	(2,056)
Carrying amount	**16,039**	**5,178**	**1,542**	**22,759**
Additions	10,595	-	381	10,976
Changes in accounting estimates	-	2,581	-	2,581
Depreciation charge	(7,760)	(383)	(127)	(8,270)
At 31 December 2013				
Cost	23,513	7,520	1,818	32,851
Accumulated depreciation and impairment	(4,639)	(144)	(22)	(4,805)
Carrying amount	**18,874**	**7,376**	**1,796**	**28,046**
Additions	10,150	-	374	10,524
Additions related to transfers of subsurface use contracts	26,746	-	-	26,746
Depreciation charge	(10,473)	(512)	(220)	(11,205)
Disposals related to transfers of subsurface use contracts	(26,081)	-	-	(26,081)
Changes in accounting estimates	-	(1,007)	-	(1,007)
At 31 December 2014				
Cost	32,059	6,513	2,192	40,764
Accumulated depreciation and impairment	(12,843)	(656)	(242)	(13,741)
Carrying amount	**19,216**	**5,857**	**1,950**	**27,023**

The site restoration assets relate to the Company's provisions for site restoration costs for each field operated by the Company. The carrying value of the site restoration assets is re-evaluated each reporting period for changes in the estimated remediation costs. See Notes 4 and 36.

Transfer of mine development assets and other assets

In 2004-2005 the Company transferred mineral rights for Akdala, Inkai (plot 4), and Northern Kharasan (lot Kharasan-1) to JV Betpak Dala LLP and Kyzylkum LLP, the Company'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 Company on 4 June 2014.

21. Mine Development Assets (Continued)

To comply with uranium production contractual obligations the Company 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, mineral rights of Tenge 37 million (Note 22), and exploration and evaluation assets of Tenge 1,987 million (Note 23). The Company also recognised corresponding liability. In accordance with agreements to settle liability the Company 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 Company 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 Company 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 Company sold to these entities exploration and evaluation assets, mineral rights (Notes 22 and 23) 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 the Company endorsed the promissory notes in favour of JV Betpak Dala LLP and Kyzylkum LLP to settle promissory notes previously issued by the Company. Accordingly, in these separate financial statements promissory notes issued by the Company 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 40).

In connection to the abovementioned transfer, during the first half of 2014, the Company also recognised mine retirement costs as part of mine development assets and corresponding provision for mine retirement obligation for Tenge 2,617 million. The Company 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.

22. Mineral Rights

In millions of Kazakhstani Tenge	
At 1 January 2013	
Cost	897
Accumulated amortisation and impairment	(59)
Carrying amount	**838**
Additions	942
Amortisation charge	(81)
At 31 December 2013	
Cost	1,803
Accumulated amortisation and impairment	(104)
Carrying amount	**1,699**
Additions	94
Additions related to transfers of subsurface use contracts (Note 21)	37
Amortisation charge	(125)
Disposals	(38)
Disposals related to transfers of subsurface use contracts (Note 21)	(37)
At 31 December 2013	
Cost	1,859
Accumulated amortisation and impairment	(229)
Carrying amount	**1,630**

23. Exploration and Evaluation Assets

In millions of Kazakhstani Tenge	Tangible assets	Intangible assets	Total
Carrying value			
At 1 January 2013	**1,092**	**1,228**	**2,320**
Additions	2,275	5	2,280
Change in estimates	-	1	1
At 31 December 2013	**3,367**	**1,234**	**4,601**
Changes in accounting estimates	(121)	-	(121)
Additions	2,661	1	2,662
Additions related to transfers of subsurface use contracts (Note 21)	1,858	129	1,987
Disposals related to transfers of subsurface use contracts (Note 21)	(2,433)	(129)	(2,562)
Transfers from/(to) inventories	40	(4)	36
Change in estimates	359	-	359
At 31 December 2014	**5,731**	**1,231**	**6,962**

24. Investments in Subsidiaries

In millions of Kazakhstani Tenge	Principal activity	2014		2013	
		Ownership	Value	Ownership	Value
MAEK-Kazatomprom LLP	Production, transfer and sales of electric power and heat, production and sales of potable, technical and distilled water, transportation of sea water and gas	100%	14,279	100%	14,033
Kazatomprom-Demeu LLP	Social services, construction and management of social services facilities in subsurface use areas	85%	8,591	83%	8,590
Bailanys-NAK LLP	Communication services	100%	2,091	100%	3,419
Korgan Kazatomprom LLP	Security services	100%	20	100%	20
APPAK LLP	Exploration, extraction and initial processing of uranium-containing ores	65%	3,798	65%	3,798
Ulba Metallurgical Plant JSC	Production and processing of uranium materials, production of rare metals and semiconductor materials	90%	2,434	90%	2,434
Volkovgeologiya JSC	Exploration and research of uranium reserves, drilling services, monitoring of radiation level and environment conditions	65%	84	65%	84
High Technology Institute LLP	Research, project, development and engineering consulting services	100%	927	100%	927
Kyzyltu LLP	Exploration, extraction and processing of molybdenum-copper ores with uranium content	76%	1,267	76%	1,267
JV SARECO LLP	Ore enrichment, hydro-metallurgical production of rare metals concentrates, chemical production of rare metals	51%	2,983	51%	2,728
Ecoenergomash LLP	Production of vertical wind power station for complex renewable power supply systems	100%	1,050	100%	1,050
MK KazSilicon LLP	Production and sale of metallurgical and polycrystalline silicon, recycling of silicon production waste	100%	3,159	100%	2,559
Kazakhstan Solar Silicon LLP	Production of silicon of solar quality, silicon slices and photovoltaic slices	100%	9,740	100%	8,840
Astana Solar LLP	Production of silicon of solar quality, silicon slices and photovoltaic slices and photovoltaic modules	100%	6,846	100%	4,806
JV KT Rare Metals Company LLP	Project feasibility works for exploration of rare metals	51%	382	51%	382
DP Ortalyk LLP	Production services, processing to chemical uranium concentrate and mine development services	100%	19,096	100%	19,096
Kazakhstan Nuclear University LLP	Education services	100%	17	100%	17
Remmontazhservice LLP	Field piping, repairs, production of non-standard equipment and maintenance	100%	309	100%	308
TGHP LLP	Exploration, production and preliminary processing of uranium ore	100%	2,836	100%	2,827
Stepnoe RU LLP	Exploration, production and preliminary processing of uranium ore	100%	7,224	100%	7,214
Rudoupravlenie 6 LLP	Exploration, production and preliminary processing of uranium ore	100%	2,134	100%	2,117
Trade and Transportation Company LLP	Procurement and transportation services	93%	27,671	92%	25,581
SC CAM LLP	Testing, quality control, metrology and standardisation	100%	96	100%	96
Geotechnoservice LLP	Development of mining works plans, mining projects, geophysical research	99%	789	99%	784
Total investments in subsidiaries			**117,823**		**112,977**

24. Investments in Subsidiaries (Continued)

All subsidiaries are founded and perform their operations in Kazakhstan.

MAEK-Kazatomprom LLP

In 2014 the Company made additional contribution to the charter capital in the amount of Tenge 246 million (2013: Tenge 1,246 million).

JV SARECO LLP

In 2014 the Company made additional contribution to the charter capital in the amount of Tenge 255 million (2013: Tenge 2,040 million).

MK KazSilicon LLP

In 2014 the Company made additional contribution to the charter capital in the amount of Tenge 600 million (2013: Tenge 900 million).

Kazakhstan Solar Silicon LLP

In 2014 the Company made additional contribution to the charter capital in the aggregate amount of Tenge 900 million (2013: Tenge 5,353 million).

Astana Solar LLP

In 2014 the Company made additional contribution to the charter capital in the amount of Tenge 1,207 million (2013: Tenge 2,262 million). The Company and Astana Solar LLP revised the terms of settlement of non-current accounts receivable (Note 28) and prolonged the maturity till 2018. As a result, the discount on the non-current accounts receivable was increased by Tenge 1,401 million. Increase of the discount net of Tenge 208 million tax effect was charged to increase of investments into subsidiaries.

Bailanys-NAK LLP

In 2014 the Company made additional contribution to the charter capital in the amount of Tenge 35 million (2013: Tenge 1,618 million).

Trade and Transportation Company LLP

In 2014 the Company made additional contribution to the charter capital in the amount of Tenge 2,090 million.

Semizbay-U LLP

In 2008, the Company 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 Company. This liability was measured at fair value at inception and was subsequently measured at amortised cost. The disposal of the Company's interest in Semizbay-U LLP required regulatory approval in Kazakhstan and this approval was a condition precedent in the Agreement.

In 2012, the Company 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 Company 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.

As a result of the amicable agreement, management concluded that the Company 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.

25. Investments in Associates

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

			2014		2013	
	Country of incorpo-ration	Principal activities	% ownership interest held / % of voting rights	In millions of Tenge	% ownership interest held / % of voting rights	In millions of Tenge
JV Betpak Dala LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	167	30.00%	167
JV KATKO LLP	Kazakhstan	Extraction, processing and export of uranium products	49.00%	71	49.00%	71
JV Inkai LLP	Kazakhstan	Extraction, processing and export of uranium products	40.00%	9	40.00%	9
Kaustik JSC	Kazakhstan	Supply of caustic soda	40.00%	6,040	40.00%	6,040
Kyzylkum LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	6,593	30.00%	6,593
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	40.98%	2,091	40.3%	2,057
JV Zarechnoe JSC	Kazakhstan	Extraction, processing and export of uranium products	49.92%	6,726	49.67%	356
JV SKZ Kazatomprom LLP	Kazakhstan	Production of sulphuric acid	24.50%	838	24.50%	750
JV IFASTAR	France	Nuclear fuel cycle project feasibility study	49.00%	426	49.00%	426
JV South Mining Chemical Company LLP	Kazakhstan	Extraction, processing and export of uranium products	30.00%	19	-	-
JV Khorasan-U LLP	Kazakhstan	Extraction, processing and export of uranium products	33.98%	18	-	-
Total investments in associates				**22,998**		**16,469**

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

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 Company made an 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 been increased to 40.98%.

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

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.

26. Investments in Joint Ventures

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

			2014		2013	
	Country of incorporation	Principal activity	% ownership interest held	In millions of Tenge	% ownership interest held	In millions of Tenge
JV Akbastau LLP	Kazakhstan	Extraction, processing and export of uranium products	50%	105	50%	105
TsOU CJSC	Russia	Production of advanced uranium products	50%	12,892	50%	12,892
Semizbay-U LLP	Kazakhstan	Extraction, processing and export of uranium products	51%	11,264	51%	11,264
Karatau LLP	Kazakhstan	Extraction, processing and export of uranium products	50%	1,600	50%	1,600
SKZ-U LLP	Kazakhstan	Production of sulphuric acid	49%	3,833	49%	3,833
KazPerOxide LLP	Kazakhstan	Sale of hydrogen peroxide	50%	27	50%	27
JV UKR TVS CJSC	Ukraine	Production of nuclear fuel	33.33%	22	33.33%	22
KRKAS JSC	Kazakhstan	Design and technical documentation of nuclear reactors and nuclear stations	50%	28	50%	28
KAS GmbH	Germany	Development and implementation of high technology and innovative projects	50%	2	50%	2
Kazatomprom-Sorbent LLP	Kazakhstan	Supply of ion exchange resin	51%	122	51%	122
Total investments in joint ventures				**29,895**		**29,895**

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

On 23 August 2013, the Company 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%.

27. Other Investments

In millions of Kazakhstani Tenge	2014	2013
Investments available-for-sale		
Toshiba Nuclear Energy Holdings (US) Inc.	48,893	48,893
Toshiba Nuclear Energy Holdings (UK) Ltd.	17,112	17,112
Baiken-U LLP	1,021	1,021
Other	13	13
Total other investments	**67,039**	**67,039**

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

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

Simultaneously with the acquisition of the interest in TNEH-US and TNEH-UK, the Company entered into a put option agreement (the "Put Option") with Toshiba Corporation, the parent company of TNEH-US and TNEH-UK. At the end of 2012 the Company and Toshiba Corporation signed an agreement that extended the Company's right to exercise the Put Option until 28 February 2018. The Put Option gives the Company a right to sell its shares in TNEH-US and TNEH-UK to Toshiba Corporation for 100% of the original price paid, which equals to USD 540,000 thousand for the first 67% of shares, and for 90% of the original price paid for the remaining 33% of shares, resulting in the price of the Put Option to be equal to USD 522,180 thousand. 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 Company the sale of its TNEH-UK and TNEH-US shares if the Committee on Foreign Investment in the United States (CFIUS), a US government entity, decides that the Company is no longer a strategic partner. In such case, the fair value of the Company's shares will be determined by an independent international appraiser. The Call Option was not exercised by Toshiba Corporation at 31 December 2014.

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

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

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

The Company does not plan to dispose of other investments.

28. Accounts Receivable

In millions of Kazakhstani Tenge	2014	2013
Trade accounts receivable from related parties	5,383	6,951
Total non-current accounts receivable	**5,383**	**6,951**
Trade accounts receivable	40,463	17,958
Trade accounts receivable from related parties	4,863	2,478
Total gross trade accounts receivable	45,326	20,436
Provision for impairment of accounts receivable from related parties	(52)	(52)
Total net trade accounts receivable	**45,274**	**20,384**
Other accounts receivable from related parties	148	31
Other accounts receivable	1	79
Total other accounts receivable	**149**	**110**
Total current accounts receivable	**45,423**	**20,494**

Information on the Company's exposure to credit and currency risks and provision for impairment for accounts receivable is disclosed in Note 41.

Non-current accounts receivable from related parties represent receivable from Astana Solar LLP in the nominal amount of Tenge 6,423 million related to KazPV project. According to the addendum signed in 2014 the maturity was extended to 2018. The carrying value adjustment net of tax effect was debited to investments in Astana Solar LLP (Note 24).

29. Assets Held for Distributions to Ultimate Controlling Party

In May 2010 the ultimate controlling party instructed the Company to construct a Students' Palace in Astana (hereafter the "Property"). The Company 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 36).

30. Other Assets

In millions of Kazakhstani Tenge	2014	2013
Non-current		
Restricted cash	5,450	6,175
Dividends receivable from related parties	2,512	3,768
Loans to employees	883	1,198
Prepaid expenses	-	53
Total other non-current assets	**8,845**	**11,194**
Current		
Dividends receivable from related parties	1,989	1,713
Advances to related parties for goods and services	511	383
Advances for goods and services	278	167
Due from employees	254	300
Prepaid expenses	60	567
Prepaid insurance	9	-
Prepaid taxes other than income tax	8	42
Other receivables from related parties	-	985
Other assets	24	24
Total other current assets	**3,133**	**4,181**

In accordance with the terms of its subsurface use agreements, the Company places cash in long-term bank deposits to finance future site restoration activities. As at 31 December 2014, balance of restricted cash on long-term bank deposits was Tenge 5,450 million (2013: Tenge 4,484 million).

Following a government investigation into one of the Company'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 was reflected as restricted cash in the separate 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	35,123	25,499
Work-in-process	4,707	4,657
Fuel	-	78
Other materials	78	296
Provision for obsolescence	(109)	-
Total inventories	**39,799**	**30,530**

Movements in the impairment provision for inventories are as follows:

In millions of Kazakhstani Tenge	2014	2013
Balance at 1 January	-	-
Provision for the year	109	-
Balance at 31 December	**109**	**-**

32. Loans to Related Parties

In millions of Kazakhstani Tenge	2014	2013
Non-current		
Kyzylkum LLP	10,398	8,441
Байкен-U LLP	7,543	6,120
Semizbay-U LLP	6,186	4,154
Baiken-U LLP	2,421	3,632
MK Kaz Silicon LLP	1,730	1,153
Astana Solar LLP	1,500	1,500
Total non-current loans to related parties	**29,778**	**25,000**
Current		
Semizbay-U LLP	1,211	1,322
Astana Solar LLP	843	1,625
Kazakhstan Solar Silicon LLP	128	2,827
MK Kaz Silicon LLP	36	1,153
Total current loans to related parties	**2,218**	**6,927**

The weighted average annual interest rate on loans to related parties in 2014 was 7.96% (2013: 7.87%).

In September and December 2010, the Company 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 Company provided a five-year loan to Semizbay-U LLP. This loan is secured by property of Semizbay-U LLP. The loan is repayable starting from 2014.

In 2012, as part of financing of the KazPV investment project the Company provided to Astana Solar LLP, Kazakhstan Solar Silicon LLP and MK KazSilicon LLP loans in the form of separate unsecured credit lines with maturity in 2016. In 2014 the repayment schedules and terms of loans to Astana Solar LLP, Kazakhstan Solar Silicon LLP and MK KazSilicon LLP were revised to 2017.

33. Cash and Cash Equivalents

In millions of Kazakhstani Tenge	2014	2013
Bank accounts	15,247	4,752
Cash in hand	9	9
Demand deposits	5	-
Total cash and cash equivalents	**15,261**	**4,761**

34. 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	-	11,750
Dividends declared during the year	5,385	7,637
Dividends paid during the year	(5,385)	(19,387)
Dividends payable at 31 December	**-**	**-**
Dividends per share declared during the year, in Tenge	**147**	**208**

35. Loans and Borrowings

In millions of Kazakhstani Tenge	2014	2013
Non-current		
Bonds issued	-	76,426
Bank loans	-	864
Total non-current loans and borrowings	**-**	**77,290**
Current		
Bank loans	91,705	544
Bonds issued	14,513	19,629
Other	536	-
Total current loans and borrowings	**106,754**	**20,173**

Short-term bank loans

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

Bonds

On 20 May 2010 the Company issued USD 500,000 thousand (Tenge 73,510 million) of unsecured 6.25% bonds due in 2015. Bond coupon 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 Company 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.

35. Loans and Borrowings (Continued)

Limitation on payments of dividends

The Company 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 Company 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 Company 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 Company believes that it complies with the covenants as set out above as at 31 December 2014.

Bonds refinancing

On 19 January 2015 the Company 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 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 Company as well as significant mergers, splits, amalgamations and corporate restructuring, significant acquisition and establishment of entities, except for allowed under the agreement. The Company is also required to maintain ratio of financial liabilities to EBITDA of not more than 3.5 to 1 and to equity of not more than 1 to 1.

Information about the Company'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
Total secured bank loans			**1,026**	**2,016**
Unsecured bank loans				
Societe Generale	US Dollar	2015	10,952	-
Citibank Kazakhstan JSC	US Dollar	2015	2,535	9,760
Natixis Bank	US Dollar	2014	-	4,570
Nurbank JSC	US Dollar	2014	-	4,147
Total unsecured bank loans			**13,487**	**18,477**
Total bank loans			**14,513**	**20,493**

In 2014, the weighted average interest on bank loans was 2.94% (2013: 3.98%)

35. Loans and Borrowings (Continued)

Loan covenants

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

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

Management of the Company believes that it complied with the above covenants as at 31 December 2014.

Collateral

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

36. Provisions

In millions of Kazakhstani Tenge	Site restoration	Social object	Other	Total
At 1 January 2013				
Non-current	8,076	-	-	8,076
Current	-	22,801	-	22,801
Total	**8,076**	**22,801**	**-**	**30,877**
Unwinding of discount	549	-	-	549
Provision for the year	-	-	5	5
Provision used	-	(22,801)	-	(22,801)
Change in estimates	2,580	-	-	2,580
At 31 December 2013				
Non-current	11,205	-	-	11,205
Current	-	-	5	5
Total	**11,205**	**-**	**5**	**11,210**
Unwinding of discount	873	-	-	873
Provision for the year	1,099	-	-	1,099
Provision used	-	-	(5)	(5)
Change in estimates	(1,128)	-	-	(1,128)
At 31 December 2014				
Non-current	12,049	-	-	12,049
Current	-	-	-	-
Total	**12,049**	**-**	**-**	**12,049**

36. Provisions (Continued)

Provision for restoration of mine sites

The Company estimates the site restoration costs for each field operated by the Company. The undiscounted estimated cost of reclamation activities is Tenge 23,210 million (2013: Tenge 19,872 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%), which is a risk free nominal rate as the future cash outflows reflect risk specific to the liability.

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

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

In accordance with the terms of the subsurface use agreements the Company places cash in long-term bank deposits to finance future site restoration activities. As at 31 December 2014 the accumulated amount of restricted such deposits was Tenge 5,450 million (2013: Tenge 4,484 million) (Note 30).

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

- there is a high probability that the Company will proceed to development and production stages for its fields which are currently under exploration. The Company publicly announced about the plans to increase number of uranium mines as a part of the Company's long-term plan. The strategic plan was approved by the Government of Kazakhstan. These facts set out a constructive obligation for the Company to recognise the site restoration provision for all mining and exploration licenses;

- the expected term for future cash outflows for the mine sites is based on the life of the mines. A substantial part of expenditures is expected to occur in 2019 - 2034, at the end of the life of the mine; and

- inflation rate – 6% per annum.

Provision for social object construction

In May 2010 the Company was directed by its ultimate controlling party to construct the Property. The Company 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 (Note 29).

37. Accounts Payable

In millions of Kazakhstani Tenge	2014	2013
Non-current		
Trade accounts payable	314	265
Total non-current accounts payable	**314**	**265**
Current		
Trade accounts payable to related parties	34,604	23,054
Trade accounts payable	11,477	1,435
Total trade accounts payable	**46,081**	**24,489**
Other accounts payable to related parties	5,886	1,218
Other accounts payable	-	12
Total other accounts payable	**5,886**	**1,230**
Total current accounts payable	**51,967**	**25,719**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 41.

38. Other Financial Liabilities

Historical costs liabilities

In accordance with the terms of the subsurface use contracts the Company is required to reimburse the historical costs related to the geological information and other costs incurred by the Republic of Kazakhstan for exploration of the contractual territories before the transfer of subsurface use rights to the Company. In accordance with tax legislation, the historical costs are to be reimbursed to the Government via quarterly payments over a 10 year period, beginning from the date of commercial extraction of uranium. The liability represents the discounted cash flow of estimated future payments. The discount rate applied in 2014 is 3.3% for historical costs denominated in USD and 7% for historical costs denominated in Tenge (2013: 3.3% and 7%, respectively).

39. Contingencies and Commitments

Legal proceedings

From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these separate 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 Company. Non-compliance with Kazakhstani law and regulations as interpreted by the Kazakhstani authorities may lead to the assessment of additional taxes, penalties and interest.

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

39. Contingencies and Commitments (Continued)

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

(a) Transfer pricing legislation

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

Regardless of the inherent risks that the tax authorities may question transfer pricing policy of the Company, related to the new law on transfer pricing, the management of the Company believes that it will be able to sustain its position in case if transfer pricing policy of the Company will be challenged by the tax authorities. From 1 January 2009 the Company self-assesses additional income tax to reflect market prices. The amount of recognised liability for 2014 is Tenge 724 million (2013: Tenge 369 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 Company 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 Company 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 Company 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 Company 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 Company and cancelled tax notice issued by tax authorities on assessments of the tax inspection. Accordingly, in 2014 the Company 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 inspection of the Company

In accordance with order of Astana City tax department of 13 February 2014, NAC Kazatomprom JSC was subject to complex tax inspection covering tax liabilities for all taxes and other mandatory payments for 2009-2012. Based on the results of tax inspection (Act No. 186 of 30 December 2014), the Company was issued a notice of additional assessments for total amount of Tenge 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.

Management of the Company assessed that in respect of property tax and mineral extraction tax the probability of payment of assessed amounts in high. Accordingly the Company recognised liability for the assessed property tax and mineral extraction tax. Nevertheless, in respect of other issues the Company's management believe that their interpretations of tax legislation are appropriate and tax position of the Company will be sustained. In management's view, the Company will not incur significant losses on existing and potential tax claims in addition to liabilities recognised in these separate financial statements.

39. Contingencies and Commitments (Continued)

Privatisation

In 2014 the Government of Kazakhstan issued a decree on privatisation of certain non-core assets. According to this decree, the Company was recommended to dispose of interests in six subsidiaries and associates in 2014-2016. As the final plan, including interest to be disposed of, has not been approved by the Shareholder of the Company, the Company 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 Company does not have full insurance coverage for its manufacturing plants, including for damages caused by the stoppage of production or obligations incurred to third parties in connection with damages caused to the property or the environment resulting from accidents or operations.

Guarantees

Guarantees are irrevocable assurances that the Company will make payments in the event that another party cannot meet its obligations. The maximum exposure to credit risk for financial guarantees given to secure financing of certain related parties at the reporting date is Tenge 43,860 million (2013: Tenge 38,186 million).

In 2014, Kyzylkum LLP, for which the Company issued financial guarantee to lenders, breached the covenants due to transfer of the subsurface use contract (Note 21). Breach of covenants entitles lenders to demand immediate repayment from Kyzylkum LLP and the Company. Despite of this, the Company did not recognise provision for the guarantee to Kyzylkum LLP because management assessed that the event that lender would claim the outstanding amounts from the Company 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 Company before debt restructuring issues are resolved;

- as of the date the issuance of these financial statements Kyzylkum LLP, the Company 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.

Compliance with covenants

The Company is subject to certain covenants related primarily to its loans and borrowings (Note 35). Non-compliance with such covenants may result in negative consequences for the Company including growth in the cost of borrowings. The Company was in compliance with covenants at 31 December 2014 and 31 December 2013.

Memoranda with South-Kazakhstan and Kyzylorda regions akimats

In December 2014, the Company 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 Company's subsidiary and associate are expected to be transferred to public ownership and financed by the Company 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 Company did not recognise provision for financing of socio-economic development.

Agreement with Sino-Kaz

The Company signed an agreement which provided Sino-Kaz the option to sell its interest in Semizbay-U LLP (49%) if there is no decision to supply fuel pellets produced by Ulba Metallurgical Plant JSC, the Company's subsidiary, for nuclear reactors of Guandong Nuclear Power Corporation till 1 July 2014. The decision was approved prior to the aforementioned date, and in 2014 the delivery of the fuel pellests took place.

39. Contingencies and Commitments (Continued)

Loan from Natixis

The Company is a co-borrower on the loan from Natixis provided to MAEK-Kazatomprom LLP. In accordance with the terms of the contract the Company bears joint and several liability with the debtor. As of 31 December 2014 the amount of liabilities of MAEK-Kazatomprom LLP on the loan amounted to Tenge 3,350 million.

BTMU loan

The Company is a co-borrower of Natixis loan to Astana Solar LLP. In accordance with loan agreement the Company bears joint and several liability with borrower. At 31 December 2014 the amount due from Astana Solar LLP under this loan agreement was Tenge 13,199 million.

Ciitbank credit lines

The Company, together with the following subsidiaries, is a co-borrower under two corporate credit lines from Citibank:
1) Astana Solar LLP, Kazakhstan Solar Silicon LLP, RU-6 LLP, Stepnoe RU LLP, TGHP LLP, MK KazSilicon LLP
2) UMZ JSC, Volkovgeologiya JSC, TTC LLP, Kazatomprom Demeu LLP, IVT LLP

In accordance with loan agreement the Company bears joint and several liability with borrowers. At 31 December 2014 the amount due from subsidiaries under this loan agreements was Tenge 8,013 million.

Subsurface use commitments

The Company has capital commitments of Tenge 5,008 million under subsurface use contracts annual minimum working programs approved for 2015.

40. 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 21, the Company 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 Company 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.

41. 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	67,039	67,039
Trade accounts receivable	28	50,657	27,335
Other accounts receivable	28	149	110
Restricted cash	30	5,450	6,175
Dividends receivable from related parties	30	4,501	6,466
Loans to employees	30	883	1,198
Loans to related parties	32	31,996	31,927
Bank accounts	33	15,247	4,752
Demand deposits	33	5	-
Cash in hand	33	9	9
Total financial assets		**175,936**	**145,011**
Financial liabilities			
Bonds	35	91,705	76,970
Bank loans	35	14,513	20,493
Other	35	536	-
Trade accounts payable	37	46,395	24,754
Other accounts payable	37	5,886	1,230
Other financial liabilities	38	2,668	2,636
Total financial liabilities		**161,703**	**126,083**

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

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

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

Credit risk

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

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

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

41. Financial Risk Management (Continued)

The table below shows credit ratings of banks where the Company had placements as at 31 December 2014:

In millions of Kazakhstani Tenge	Rated Standard & Poor's B	Rated Standard & Poor's C	Other	Total
Bank accounts	15,079	16	152	15,247
Term deposits	-	-	5	5
Restricted cash	4,180	1,270	-	5,450
Total	**19,259**	**1,286**	**157**	**20,702**

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

In millions of Kazakhstani Tenge	Rated Standard & Poor's B	Rated Standard & Poor's C	Other	Total
Bank accounts	4,208	15	529	4,752
Restricted cash	4,836	946	393	6,175
Total	**9,044**	**961**	**922**	**10,927**

The Company's exposure to credit risk in respect of trade accounts receivable is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Company is exposed to concentrations of credit risk. In 2014 approximately 72% of the Company's revenue (44% of trade accounts receivable) is attributable to sales transactions with seven main customers as at 31 December 2014. The Company defines counterparties as having similar characteristics if they are related entities.

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

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

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	16,877	12,734
Kazakhstan	12,596	2,664
European Union	6,799	770
USA	3,313	9,287
Japan	860	-
Other	10,212	1,880
Total	**50,657**	**27,335**

The most significant clients of the Company 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 14,616 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.

41. Financial Risk Management (Continued)

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

In millions of Kazakhstani Tenge	2014	2013
Not past due and not impaired	**50,657**	**27,335**
Past due but not impaired		
Past due for more than 120 days	52	52
Total past due but not impaired	**52**	**52**
Impairment	(52)	(52)
Total	**50,657**	**27,335**

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	
Provision at 1 January	(52)
Provision for the year	-
Amounts written-off	-
Provision at 31 December 2013	**(52)**
Provision for the year	-
Amounts written-off	-
Provision at 31 December 2014	**(52)**

Credit risk exposure in respect of loans to related parties (Note 32) 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 Company manages the credit risk by requirement to provide collateral in lieu of borrowers' property. In respect of loans given to subsidiaries the Company decreases the risk via participation in cash flow management of the borrowers. Borrowers do not have a credit rating.

Liquidity risk

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

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

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

41. Financial Risk Management (Continued)

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

In millions of Kazakhstani Tenge	2014	2013
Current deposits	5	-
Bank accounts	15,247	4,752
Undrawn borrowing facilities	14,981	17,911
Total	**30,233**	**22,663**

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

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

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

41. 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
Bank loans	14,513	14,701	-	14,009	692	-	-
Bonds	91,705	94,024	-	-	94,024	-	-
Other	536	536	536	-	-	-	-
Other financial liabilities	2,668	3,173	-	120	360	2,393	300
Trade accounts payable	46,395	46,395	-	46,081	-	314	-
Other accounts payable	5,886	5,886	-	5,886	-	-	-
Total	**161,703**	**164,715**	**536**	**66,096**	**95,076**	**2,707**	**300**

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
Bank loans	20,493	21,208	-	4,553	15,774	881	-
Bonds	76,970	84,005	-	-	4,800	79,205	-
Other financial liabilities	2,636	2,636	-	-	426	-	2,210
Other liabilities	1,814	1,814	125	-	-	-	1,689
Trade accounts payable	24,754	24,754	-	24,489	-	265	-
Other accounts payable	1,230	1,230	-	1,230	-	-	-
Total	**127,897**	**135,647**	**125**	**30,272**	**21,000**	**80,351**	**3,899**

41. Financial Risk Management (Continued)

Market risk

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

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

Currency risk

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

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

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

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

In millions of Kazakhstani Tenge	2014	2013
Denominated in US Dollars		
Trade accounts receivable	40,463	17,958
Loans to related parties	17,941	14,561
Cash and cash equivalents	9,105	181
Restricted cash	-	501
Total assets	**67,509**	**33,201**
Bank loans	(14,513)	(20,493)
Bonds issued	(91,705)	(76,970)
Trade accounts payable	(2,668)	(2,636)
Other financial liabilities	-	(492)
Other liabilities	(10,356)	(268)
Total liabilities	**(119,242)**	**(100,859)**
Net exposure to currency risk	**(51,733)**	**(67,658)**

The following exchange rates were 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

41. 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%)	(7,188)	(20,297)
US Dollar weakening by 17.37% (2013: 10%)	7,188	6,766

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

Uranium prices historically fluctuate and are affected by numerous factors outside of the Company's control, including, but not limited to:
- demand for uranium used as fuel by nuclear electric stations;
- depleting levels of secondary sources such as recycling and blended down highly enriched stocks available to close the gap of the excess demand over supply;
- impact of regulations by International Atomic Energy Agency;
- other factors related specifically to uranium industry.

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

Interest rate risk

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

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

As at 31 December 2014, approximately 86% (2013: 70%) of the Company's borrowings had a fixed interest rate.

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

In millions of Kazakhstani Tenge	2014	2013
Fixed rate instruments		
Loans to related parties	31,996	31,927
Bonds issued	(91,705)	(76,970)
Other	(536)	-
Bank loans	-	(4,147)
Net position	**(60,245)**	**(49,190)**
Floating rate instruments		
Bank loans	(14,513)	(16,346)

Fair value sensitivity analysis for fixed rate instruments

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

41. Financial Risk Management (Continued)

Fair value sensitivity analysis for floating rate instruments

An increase of 200 basis points and a decrease of 200 basis points in interest rates at the reporting date would have (decreased) increased equity and profit or loss by the amounts shown below, and 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: 300 basis points)	(290)	(490)
Decrease of 200 basis points (2013: 300 basis points)	290	490

Fair values versus carrying amounts

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

	2014		2013	
In millions of Kazakhstani Tenge	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Bank loans	14,513	14,512	20,493	20,298
Bonds issued	91,705	87,767	76,970	81,834
Other financial liabilities	2,668	3,173	2,636	2,636
Total	**108,886**	**105,452**	**100,099**	**104,768**

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

Capital management

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

The Company monitors the following indicators:

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

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

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

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

The Company has complied with all externally imposed capital requirements throughout 2014 and 2013 including covenants (Note 35).

42. Fair Value of Financial Instruments

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

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

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

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

Financial assets carried at amortised cost

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

Liabilities carried at amortised cost

The fair value of Eurobonds 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.

43. Presentation of Financial Instruments by Measurement Category

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

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

44. Events After the Reporting Date

Bonds refinancing

As disclosed in Note 35, on 19 January 2015 the Company signed an agreement on unsecured syndicated loan with five banks for the total amount of USD 450 million. The purpose of the loan is to refinance bonds. The loan is repaid by equal instalments starting from September 2015 till June 2019.

Investments in subsidiaries

In 2015 the Company contributed Tenge 2,700 million and Tenge 1,390 million to the charter capitals of Astana Solar LLP and Trade-Transport Company LLP, respectively.