

“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Interim condensed consolidated financial statements
(unaudited)

As at September 30, 2021 and for the three and nine months then ended

CONTENTS

Interim condensed consolidated financial statements (unaudited)

Interim consolidated statement of financial position.....	1-2
Interim consolidated statement of comprehensive income	3-4
Interim consolidated statement of changes in equity	5-6
Interim consolidated statement of cash flows	7-8
Notes to the interim condensed consolidated financial statements (unaudited)	9-49

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In millions of tenge</i>	Note	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Assets			
Non-current assets			
Property, plant and equipment	6	13,960,791	13,703,885
Intangible assets	7	1,971,655	2,022,024
Exploration and evaluation assets	8	298,868	367,393
Investment property		40,250	40,560
Investments in joint ventures and associates	9	5,537,720	4,985,676
Loans issued and finance lease receivables		356,448	366,830
Amounts due from credit institutions	10	113,946	135,315
Deferred tax assets		77,150	79,267
Other non-current financial assets	11	623,292	614,382
Other non-current assets	12	515,154	447,907
		23,495,274	22,763,239
Current assets			
Inventories	13	721,262	626,363
VAT receivable		194,896	256,319
Income tax prepaid		87,415	97,503
Trade accounts receivable	14	758,023	667,107
Loans issued and finance lease receivables		57,550	55,406
Amounts due from credit institutions	10	689,946	354,257
Other current financial assets	11	369,230	188,427
Other current assets	14	217,916	184,769
Cash and cash equivalents	15	2,553,879	2,227,669
		5,650,117	4,657,820
Assets classified as held for sale or distribution to the Shareholder	5	49,716	61,787
		5,699,833	4,719,607
Total assets		29,195,107	27,482,846

The explanatory notes on pages 9 through 49 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In millions of tenge</i>	Note	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Equity and liabilities			
Equity attributable to equity holder of the Parent			
Share capital		5,268,580	5,258,657
Currency translation reserve		1,818,396	1,763,499
Revaluation reserve of investments at fair value through other comprehensive income		31,967	31,464
Hedging reserve		(55,977)	(60,416)
Other capital reserves		(16,984)	(16,984)
Retained earnings		7,742,551	6,502,544
		14,788,533	13,478,764
Non-controlling interest		1,774,199	1,672,851
Total equity		16,562,732	15,151,615
Non-current liabilities			
Borrowings	17	6,568,411	6,608,990
Loans from the Government of the Republic of Kazakhstan	18	574,686	562,449
Lease liabilities	20	396,750	396,441
Provisions		393,904	386,921
Deferred tax liabilities		1,248,184	1,143,256
Employee benefit liabilities		121,663	120,943
Obligations under oil supply agreements	19	-	185,680
Other non-current liabilities	21	216,712	138,085
		9,520,310	9,542,765
Current liabilities			
Borrowings	17	1,019,945	850,210
Loans from the Government of the Republic of Kazakhstan	18	13,250	30,773
Lease liabilities	20	126,584	118,878
Provisions		82,420	80,980
Employee benefit liabilities		12,011	14,051
Income tax payable		52,668	10,567
Trade and other payables	22	845,682	828,258
Obligations under oil supply agreements	19	-	97,882
Other current liabilities	22	957,113	752,031
		3,109,673	2,783,630
Liabilities associated with assets classified as held for sale or distribution to the Shareholder	5	2,392	4,836
		3,112,065	2,788,466
Total liabilities		12,632,375	12,331,231
Total equity and liabilities		29,195,107	27,482,846

Managing Director for Economy and Finance –
Member of the Management Board


 Nazira Nurbayeva

Chief accountant


 Almaz Abdrakhmanova

*The explanatory notes on pages 9 through 49 form an integral part of
these interim condensed consolidated financial statements (unaudited).*

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of tenge</i>	Note	For the three months ended September 30		For the nine months ended September 30	
		2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Revenue	23	2,898,723	2,178,032	8,233,428	6,162,745
Government grants		12,956	11,767	31,945	22,811
		2,911,679	2,189,799	8,265,373	6,185,556
Cost of sales	24	(2,216,105)	(1,595,503)	(6,134,722)	(4,692,622)
Gross profit		695,574	594,296	2,130,651	1,492,934
General and administrative expenses	25	(100,146)	(94,989)	(302,471)	(288,333)
Transportation and selling expenses	26	(168,522)	(151,284)	(554,657)	(481,279)
Impairment loss, net	27	(61,445)	(1,897)	(89,072)	(285,447)
Gain/(loss) on disposal of subsidiaries		242	–	(1,485)	(173)
Operating profit		365,703	346,126	1,182,966	437,702
Finance costs	28	(134,563)	(144,428)	(403,212)	(453,757)
Finance income	29	57,275	35,592	117,891	131,915
Other non-operating loss		(13,864)	(38,315)	(29,945)	(61,786)
Other non-operating income		27,348	5,880	80,664	56,927
Share in profit of joint ventures and associates, net	30	272,137	139,709	782,938	415,962
Net foreign exchange (loss)/gain		(9,081)	61,666	(10,585)	134,055
Profit before income tax		564,955	406,230	1,720,717	661,018
Income tax expenses	31	(107,877)	(69,936)	(335,454)	(155,160)
Net profit for the period		457,078	336,294	1,385,263	505,858
Net profit for the period attributable to:					
Equity holder of the Parent		392,168	290,601	1,201,599	509,260
Non-controlling interest		64,910	45,693	183,664	(3,402)
		457,078	336,294	1,385,263	505,858

The explanatory notes on pages 9 through 49 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In millions of tenge</i>	Note	For the three months ended September 30		For the nine months ended September 30	
		2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Other comprehensive income, net of tax					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of foreign operations	16.8	(32,372)	355,665	63,976	617,670
Unrealized gain/(loss) from revaluation of investments at fair value through other comprehensive income		155	950	236	(301)
Gain/ (loss) on cash flow hedge		1,721	(8,965)	6,142	(10,063)
Reclassification to profit or loss of the revaluation reserve for the sale of financial assets at fair value through other comprehensive income		(51)	(131)	266	(268)
Share of the OCI items of associates and joint ventures	9	(136)	3,468	481	5,416
Tax effect on transactions of OCI components		2,841	(26,909)	(4,876)	(46,790)
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		(27,842)	324,078	66,225	565,664
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Share of the OCI items of associates and joint ventures	9	(21)	(43)	(1)	(139)
Actuarial (loss)/gain on defined benefit plans		(339)	259	262	(941)
Tax effect on transactions of OCI components		79	-	122	43
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		(281)	216	383	(1,037)
Other comprehensive (loss)/income for the period, net of tax		(28,123)	324,294	66,608	564,627
Total comprehensive income for the period, net of tax		428,955	660,588	1,451,871	1,070,485
Total comprehensive income for the period, net of tax, attributable to:					
Equity holder of the Parent		365,901	587,742	1,261,709	1,025,263
Non-controlling interest		63,054	72,846	190,162	45,222
		428,955	660,588	1,451,871	1,070,485

Managing Director for Economy and Finance –
Member of the Management Board



Nazira Nurbayeva

Chief accountant

Almaz Abdrakhmanova

The explanatory notes on pages 9 through 49 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of tenge	Note	Attributable to the equity holder of the Parent							Total	Non-controlling interest	Total
		Share capital	Additional paid-in capital	Revaluation reserve of investments at fair value through other comprehensive income	Currency translation reserve	Hedging reserve	Other capital reserves	Retained earnings			
Balance as at December 31, 2019 (audited)		5,229,112	17,303	29,354	1,319,406	(46,726)	(16,984)	6,176,856	12,708,321	1,634,632	14,342,953
Net profit/(loss) for the period		-	-	-	-	-	-	509,260	509,260	(3,402)	505,858
Other comprehensive (loss)/income for the period		-	-	(464)	529,121	(11,545)	-	(1,109)	516,003	48,624	564,627
Total comprehensive (loss)/income for the period		-	-	(464)	529,121	(11,545)	-	508,151	1,025,263	45,222	1,070,485
Issue of shares		28,731	-	-	-	-	-	-	28,731	-	28,731
Dividends		-	-	-	-	-	-	(120,000)	(120,000)	(63,688)	(183,688)
Other contributions of the Shareholder		-	(4,896)	-	-	-	-	626	(4,270)	-	(4,270)
Other transactions with the Shareholder		-	-	-	-	-	-	8,245	8,245	-	8,245
Other distributions to the Shareholder		-	-	-	-	-	-	(32,671)	(32,671)	-	(32,671)
Transfer of assets to the Shareholder		-	-	-	-	-	-	(24,809)	(24,809)	-	(24,809)
Discount on loans from the Government		-	-	-	-	-	-	(18,743)	(18,743)	-	(18,743)
Disposal of subsidiaries		-	-	-	-	-	-	-	-	(14,040)	(14,040)
Change in ownership interests of subsidiaries – acquisition of non-controlling interest		-	-	(170)	74	-	-	25,174	25,078	59,492	84,570
Other equity movements		-	-	-	347	(347)	-	(186)	(186)	(22)	(208)
Balance as at September 30, 2020 (unaudited)		5,257,843	12,407	28,720	1,848,948	(58,618)	(16,984)	6,522,643	13,594,959	1,661,596	15,256,555

The explanatory notes on pages 9 through 49 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to the equity holder of the Parent							Total	
	Note	Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Currency translation reserve	Hedging reserve	Other capital reserves	Retained earnings		Non-controlling interest
<i>In millions of tenge</i>									
Balance as at December 31, 2020 (audited)		5,258,657	31,464	1,763,499	(60,416)	(16,984)	6,502,544	1,672,851	15,151,615
Net profit for the period		-	-	-	-	-	1,201,599	183,664	1,385,263
Other comprehensive income for the period		-	503	54,566	4,770	-	271	6,498	66,608
Total comprehensive income for the period		-	503	54,566	4,770	-	1,201,870	190,162	1,451,871
Issue of shares	16.1	9,923	-	-	-	-	-	5,195	15,118
Dividends	16.2	-	-	-	-	-	-	(84,516)	(84,516)
Other transactions with the Shareholder	16.3	-	-	-	-	-	6,286	-	6,286
Other distributions to the Shareholder	16.4	-	-	-	-	-	(33,953)	-	(33,953)
Transfer of assets to the Shareholder	16.5	-	-	-	-	-	(312)	-	(312)
Discount on loans from the Government	16.6	-	-	-	-	-	(113)	-	(113)
Disposal of subsidiaries		-	-	-	-	-	-	1,225	1,225
Change in ownership interests of subsidiaries – disposal of interest that does not result in the loss of control	16.7	-	-	-	-	-	206,443	35,274	241,717
Liability on buyback of ownership interest in the subsidiary	16.7	-	-	-	-	-	(140,387)	(46,050)	(186,437)
Other equity movements		-	-	331	(331)	-	173	58	231
Balance as at September 30, 2021 (unaudited)		5,268,580	31,967	1,818,396	(55,977)	(16,984)	7,742,551	1,774,199	16,562,732

Managing Director for Economy and Finance –
Member of the Management Board

Kazira Nurbayeva

Chief accountant

Imaz Abdakhmanova

The explanatory notes on pages 9 through 49 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of tenge</i>	Note	For the nine months ended September 30, 2021 (unaudited)	For the nine months ended September 30, 2020 (unaudited) (restated)*
Cash flows from operating activities			
Receipts from customers		8,800,680	6,644,975
Payments to suppliers		(5,229,644)	(3,785,188)
Receipts from suppliers under the arbitration decision	35	112,058	-
Payments to employees		(804,330)	(742,374)
Other taxes and payments		(1,227,314)	(934,955)
Operations with financial instruments (the Fund and Kazpost JSC)		15,489	22,438
Short-term lease payments and variable lease payments		(30,894)	(54,693)
Proceeds from subsidized interest rates on financial liabilities		-	14,592
Other payments		(55,413)	(84,069)
VAT received		134,602	104,466
Income taxes paid		(171,073)	(126,811)
Interest paid		(363,444)	(334,016)
Interest received		65,856	114,897
Net cash flows received from operating activities		1,246,573	839,262
Cash flows from investing activities			
(Placement)/redemption of bank deposits, net		(347,527)	166,888
Sale/(acquisition) of joint ventures and associates, net		173	29,418
Additional contributions to share capital of joint ventures and associates without change in ownership	9	(1,925)	(14,251)
Acquisition of subsidiaries, net of cash acquired with the subsidiary		89	(26,499)
Acquisition of property, plant and equipment, exploration and evaluation assets and other non-current assets		(857,540)	(706,523)
Acquisition of intangible assets		(18,183)	(10,253)
Proceeds from sale of subsidiaries, net of cash of disposed subsidiaries		3,998	11,643
Dividends received from joint ventures and associates	9	248,090	132,000
Proceeds from the sale of property, plant and equipment		31,643	8,625
Proceeds from the sale of other non-current assets		42,531	14,637
Loans issued		(13,807)	(3,864)
Repayment of loans issued		15,346	18,758
Purchase of debt instruments		(336,379)	(114,834)
Proceeds from the sale of debt instruments		239,628	33,744
Reservation of cash for payment of borrowings	17	(32,799)	-
Other cash inflows		73,841	23,684
Net cash flows used in investing activities		(952,821)	(436,827)

The explanatory notes on pages 9 through 49 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In millions of tenge</i>	Note	For the nine months ended September 30, 2021 (unaudited)	For the nine months ended September 30, 2020 (unaudited) (restated)*
Cash flows from financing activities			
Proceeds from borrowings	17	629,136	981,992
Repayment of borrowings	16.5, 17	(573,759)	(936,717)
Share buyback by subsidiary		-	(212)
Repayment of lease liabilities	20	(90,129)	(65,767)
Contributions to the share capital by the Equity holder of the Parent	16.1	9,923	26,000
Contributions by non-controlling interest		228	-
Distributions to the Shareholder		(58,361)	(37,393)
Dividends paid to non-controlling interest of subsidiaries	16.2	(83,816)	(63,596)
Dividends paid to the Shareholder		-	(120,000)
Disposal of interest that does not result in the loss of control	16.7	185,858	83,944
Bonds early extinguishment premium paid		-	(24,221)
Other payments		(196)	(3,564)
Net cash flows (used)/received in financing activities		18,884	(159,534)
Net increase in cash and cash equivalents		312,636	242,901
Effects of exchange rate changes on cash and cash equivalents		13,279	188,945
Changes in cash and cash equivalents disclosed as part of assets classified as held for sale		721	440
Change in allowance for expected credit losses		(426)	390
Cash and cash equivalents, at the beginning of the period		2,227,669	1,993,962
Cash and cash equivalents, at the end of the period	15	2,553,879	2,426,638

* Certain numbers shown here do not correspond to the consolidated financial statements for the three and nine months ended September 30, 2020 and reflect adjustments made, refer to Note 2.

Managing Director for Economy and Finance –
Member of the Management Board



Nazira Nurbayeva

Chief accountant



Almaz Abdrakhmanova

The explanatory notes on pages 9 through 49 form an integral part of these interim condensed consolidated financial statements (unaudited).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at September 30, 2021 and for the three and nine months then ended

1. GENERAL INFORMATION

Corporate information

“Sovereign Wealth Fund “Samruk-Kazyna” JSC (the “Fund” or “Samruk-Kazyna”) was established on November 3, 2008 in accordance with the Decree of the President of the Republic of Kazakhstan dated October 13, 2008 and the Resolution of the Government of the Republic of Kazakhstan dated October 17, 2008. The formation was enacted by the merger of “Sustainable Development Fund “Kazyna” JSC (“Kazyna”) and “Kazakhstan Holding Company for State Assets Management “Samruk” JSC (“Samruk”) and the additional transfer to the Fund of interests in certain entities owned by the Government of the Republic of Kazakhstan (the “State” or the “Government”). The Government is the sole shareholder of the Fund (the “Shareholder” or the “Parent”).

During this process the Government’s overall objective was to increase management efficiency and to optimise organisational structures for them to successfully achieve their strategic objectives as set in the respective Government programs.

The Fund is a holding company combining companies listed in *Note 32* (the “Group”). Prior to February 1, 2012, the Fund’s activities were governed by the Law of the Republic of Kazakhstan *On National Welfare Fund* No. 134-4 dated February 13, 2009 and were aimed to assist in provision of stable development of the state economy, modernization and diversification of economy, and improvement of the Group companies’ efficiency. According to the Law of the Republic of Kazakhstan enacted on February 1, 2012 *On Sovereign Wealth Fund* No. 550-4, the Fund’s activity is focused on improving sovereign wealth of the Republic of Kazakhstan by increasing the long-term value of the Group companies and by effective management of the Group assets.

For management purposes, the Group is organized into organizational business units based on their products and services, and has 8 (eight) reportable operating segments as follows (*Note 36*):

- Oil and gas segment includes operations related to exploration and production of oil and gas, transportation of oil and gas and refining and trading of crude oil, gas and refined products;
- Transportation segment includes operations related to railway and air transportation of cargo and passengers;
- Communication segment includes operation of fixed line communication, including local, long-distance intercity and international telecommunication services (including CIS and non-CIS countries); and also renting out of lines, data transfer services and wireless communication services;
- Energy segment includes operations related to production and distribution of electricity, the function of oversight over the input of electricity into the energy system and consumption of imported electricity, the function of centralized operation and dispatch of facilities in the Unified Energy System of Kazakhstan;
- Mining segment includes exploration, mining, processing, sales of mineral resources and geological exploration;
- Industrial segment includes projects for the development of chemical industry;
- Corporate center segment covers Fund’s investing and financing activities, including provision of loans to related and third parties;
- Other segment includes operations related to assisting the Government in increasing housing availability by investing into residential development and other operations.

The address of the Fund’s registered office is 17/10 Syganaq street, Esil district, Nur-Sultan, the Republic of Kazakhstan.

These interim condensed consolidated financial statements were authorised for issue by Managing Director for Economy and Finance – Member of the Management Board and Chief accountant of the Fund on November 30, 2021.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2021 were prepared in accordance with International Accounting Standard No. 34 *Interim Financial Statements* (IAS 34). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2020.

These interim condensed consolidated financial statements are presented in Kazakhstan tenge (“tenge”) and all monetary amounts are rounded to the nearest million tenge except where otherwise indicated.

Restatements affecting comparative information

Changes in presentation of the consolidated statement of cash flows

Certain amounts in the consolidated statement of cash flows for the nine months ended September 30, 2020 have been presented in separate lines in accordance with the presentation adopted in consolidated financial statements for 2020. The Group changed the presentation of its consolidated financial statements as the new presentation provides information that is more relevant to users of the consolidated financial statements.

Effect of reclassifications on the consolidated statement of cash flows for the nine months ended September 30, 2020:

<i>In millions of tenge</i>	For the nine months ended September 30, 2020 (as previously reported)	Reclassification	For the nine months ended September 30, 2020 (as restated)
Cash flows from investing activities			
Additional contributions to share capital of joint ventures and associates without change in ownership	–	(14,251)	(14,251)
Proceeds from the sale of debt instruments	–	33,744	33,744
Other receipts	43,177	(19,493)	23,684
Net cash flows used in investing activities	(436,827)	–	(436,827)

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities included in these interim condensed consolidated financial statements for the three and nine months ended September 30, 2021 are measured using the currency of the primary economic environment in which the entities operate (“the functional currency”).

The interim condensed consolidated financial statements are presented in tenge (“tenge”), which is the Group’s presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

2. BASIS OF PREPARATION (continued)

Foreign currency translation (continued)

Transactions and balances (continued)

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment in foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Group entities

Gains, losses and financial position of all of the Group’s subsidiaries, joint ventures and associates (none of which has the currency of a hyperinflationary economy) that have a functional currency different from their presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates; in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognized as a separate component of other comprehensive income.

Exchange rates

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange (“KASE”) are used as official currency exchange rates in the Republic of Kazakhstan.

The following table presents foreign currency exchange rate to tenge:

	September 30, 2021	December 31, 2020	Weighted average for the nine months ended September 30, 2021	Weighted average for the nine months ended September 30, 2020	November 30, 2021
United States dollar (“USD”)	425.7	420.91	424.7	409.23	434.16
Euro (“EUR”)	493.63	516.79	508.08	460.04	493.29
Russian ruble (“RUR”)	5.85	5.62	5.74	5.78	5.81

Considerations in respect of COVID-19 (coronavirus) pandemic and the current economic environment

The impacts of COVID-19 and the current economic environment on the basis of preparation of these interim condensed consolidated financial statements have been considered. The Group continues to consider it appropriate to adopt the going concern basis of accounting in preparing these interim condensed consolidated financial statements.

The significant accounting judgments and estimates of the Group were disclosed in its consolidated financial statements for the year ended December 31, 2020. As at September 30, 2021, the Group analyzed and determined that all judgments and estimates used and disclosed in the consolidated financial statements for the year ended December 31, 2020 remain applicable. No new significant accounting judgments or estimates have been identified.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

2. BASIS OF PREPARATION (continued)

Power generating and gas exploration and production assets

As of June 30, 2021 the Group’s management performed the analysis of the impairment indicators of property, plant and equipment of subsidiaries such as Ekibastuz GRES-1 named after Bulat Nurzhanov LLP (hereinafter referred to as EGRES-1), Alatau Zharyk Company JSC (“AZhC”), Almaty Electric Stations JSC (“AIES”), Tegis Munay LLP (“TM”) and “Station Ekibastuzskaya GRES-2” JSC (hereinafter “EGRES-2”) in accordance with IAS 36 *Impairment of Assets*.

The principal facts and assumptions used in the analysis of the impairment indicators are:

- Lack of negative changes in the economic efficiency of subsidiaries for the reporting period;
- Changes in interest rates on loans and long-term inflation rate are not significant;
- Lack of significant changes having adverse consequences for subsidiaries, which occurred during the period or may presumably occur in the nearest future;
- The forecasted mid-term growth of demand for electricity in northern and southern areas of the Republic of Kazakhstan;
- Increase in cap tariffs for electricity for energy producing organizations (“EPOs”) from the April 1, 2021 according to the Order of the Minister of Energy of the RoK No. 108 dated March 30, 2021 considering profitability rate within Methodology for determining the rate of return for all Group’s EPO;
- Positive changes in legislation in the area of power energy in terms of introduction from the July 1, 2021 of the mechanism of “through” markup to support the use of renewable energy sources (“RES”), which covers the costs of EPOs for the purchase of RES electricity;
- Positive forecast for Brent oil prices for a five-year period according to the data of international analytical agencies.

Additional facts and assumptions used in the analysis of the impairment indicators on EGRES-1:

- Overachievement of target on main operational and financial performance indicators as of May 31, 2021;
- The forecasted mid-term growth of demand for electricity in northern and southern areas of the Republic of Kazakhstan, as well as forecasted increase in electricity sales volumes due to work in seven-block mode and available capacity;
- Execution of an investment agreement with the Ministry of Energy of RK and setting an individual tariff for services on maintenance of electrical capacity from 2025 to ensure return of borrowings raised to complete the implementation of the investment project “Restoration of Power Unit 1 with the installation of new electrostatic precipitators”;
- Significant increase in the electricity selling tariff – from 5.80 tenge per 1 kWh to 7.25 tenge per 1 kWh from the April 1, 2021 and increase to 7.47 tenge per 1 kWh from the July 1, 2021.

Additional facts and assumptions used in the analysis of the impairment indicators on EGRES-2:

- Overachievement of target on main operational and financial performance indicators as of May 31, 2021;
- The forecasted mid-term growth of demand for electricity in northern and southern areas of the Republic of Kazakhstan, as well as forecasted increase in electricity sales volumes due to the commissioning of power unit No. 3 from 2026;
- Significant increase in the electricity selling tariff – from 9.13 tenge per 1 kWh to 9.69 tenge per 1 kWh from April 1, 2021 and increase to 10.16 tenge per 1 kWh from July 1, 2021.

Based on the analysis performed with respect to internal and external impairment indicators, the Group’s management concluded that there are no impairment indicators as of the analysis date. Therefore, the Group’s management decided not to perform the impairment test of property, plant and equipment and intangible assets of these subsidiaries at May 31, 2021. As of September 30, 2021 management believes that there were no events that could cause a negative impact on the results of the analysis of the impairment indicators performed.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

2. BASIS OF PREPARATION (continued)

Power generating and gas exploration and production assets (continued)

Modernisation of Almaty CHP-2 with the minimization of the environmental impact

For the execution of the instructions of the President of RK on taking actions to minimize emissions to the atmosphere, the Group is developing feasibility study (“FS”). At the first stage of the project, four modernization options for CHP-2 with the minimization of the environmental impact have been considered: transition of the existing boilers to gas flaring, reconstruction of the existing boilers with the installation of gas-handling equipment, extension of CHP-2 with the construction of CCGT plants and installation of additional gas-handling equipment without transition to natural gas and construction of a new gas-based plant.

In 2020, as a result of comparison of the implementation cost and environmental emissions, the first option of the reconstruction of existing boilers with their transition to gas flaring has been selected. In 2021, a negative report was received from “Gosexpertise” RSE on this option.

On May 31, 2021 the Government of RK headed by the Prime-Minister, Mamin A.U., approved proposal on construction of combined cycle gas turbine unit of the capacity of 600 MW (hereinafter – the “CCGT plant”) at the site of Almaty CHP-2. Deadline for the adjustment of project’s FS with the receipt of report on comprehensive extradepartmental expertise is set by the end of 2021.

The Prime-Minister has also put “Samruk-Energy” JSC jointly with the Ministry of Energy, under the established procedure, in charge of continuing the work on raising bank borrowings to finance the project of construction of CCGT plant at the site of Almaty CHP-2 with transition to gas, including provision of gas infrastructure.

Taking into account the environmental situation and the current restrictions on the legislation on the electric power market, the deputies of the Mazhilis of Parliament on September 14, 2021 initiated amendments to the Laws of the Republic of Kazakhstan *On Electricity* and *On Natural Monopolies*, which considers mechanism of return on investments for an implementation of projects of modernization, reconstruction and (or) expansion of generating plants using gas as an alternative type of fuel. Currently, the amendments initiated by the deputies of the Mazhilis of the Parliament are under consideration by the Government for preparation of a conclusion, which is planned to be sent to the Mazhilis of the Parliament of the Republic of Kazakhstan in December 2021.

Making amendments to legislation will ensure for the Group the return of borrowings and return on investments in future using the mechanism of electrical power market.

Based on the abovementioned, currently there is no a detailed project implementation plan and no defined financing sources, as well as changes in the legislative base due to the lack of FS with a positive state expertise report.

Also, we note that in the event of the construction of the CCGT plant, more than 50 percent of the property, plant and equipment of CHP-2 will remain in operation, and the rest of the property, plant and equipment, such as the technological equipment of the boiler, turbine and fuel-transport shops will be in reserve in case of gas supply interruptions or termination of the CCGT plant operation due to long-term repairs. The costs of maintaining the existing assets of CHP-2 will be charged to current costs and reimbursed through the electricity tariff.

As of September 30, 2021, the carrying amount of CHP-2 is approximately 50 billion tenge.

Based on the analysis performed, the Group’s management concluded that there are no impairment indicators of property, plant and equipment as of the analysis date. As of September 30, 2021, management believes that there were no events that could cause a negative impact on the results of analysis performed.

Gas production commencement terms – Tegis Munai

It is forecasted that natural gas production will commence in 2024, and it is assumed that 65% of gas production will be exported starting from 2024. The gas production commencement is postponed because the contract territory is included in the territory of South-Kazakhstan state conservation area, where it is prohibited to perform field facilities construction and development prior to territory separation from the protected areas. Currently, the authorized public bodies perform work on expansion of protected area borders considering the separation of the contract territory.

Therefore, Tegis Munai contacted the Ministry of Energy of RK (“ME RK”) with the question of the relevance of production period commencement extension, field facilities construction for gas production, postponement of deadline for the implementation of working program and contract’s validity period since the issue of contract territory separation is not settled yet.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

2. BASIS OF PREPARATION (continued)

Power generating and gas exploration and production assets (continued)

Gas production commencement terms – Tegis Munai (continued)

In September 2020, the subsurface use expert commission of ME RK decided to postpone the following commitments on financing of education; R&D; social and economic development of the region, and an abandonment was given in terms of working program amendment on investment liabilities under subsurface use contract, based on which an additional agreement No.1 to the contract was signed on December 28, 2020.

On December 3, 2020, Tegis Munai has sent an application to the supreme court of RK on invalidation of the ME RK abandonment in terms of working program amendment on investment liabilities under subsurface use contract. On December 30, 2020, Tegis Munai received force-majeure certificate from the Chamber of Commerce of Kazakhstan LLP comprising Atameken NCE confirming that Tegis Munai is not able to perform subsurface use contract commitments prior to the contract territory separation from the protected areas and is not able to perform subsurface use operations. Force-majeure circumstances are in force until the contract territory separation from the protected areas.

In January 2021 an application has been filed to the ME RK with the attachment of the abovementioned certificate on invalidation of force-majeure circumstances. In June 2021, according to the results of expert commission the ME dismissed an issue on recognition of force-majeure circumstances since this issue does not relate to the competency of the Ministry of Energy.

Due to the non-performance of working program liabilities for 2021, Tegis Munai is expected to be imposed with a penalty of 466.5 million tenge. However, Tegis Munai’s management believes that the risk of payment penalty is possible, since non-performance of working program is due to the force-majeure circumstances and does not depend on Tegis Munai actions.

As of September 30, 2021, management believes that there were no events that could cause a negative impact on the results of analysis performed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards and interpretations effective as of January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

The Group intends to use the practical expedients in future periods if they become applicable.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

4. SEASONALITY OF OPERATIONS

The Group’s operating expenses are subject to seasonal fluctuations, with higher expenses for various materials, production services, maintenance and other services usually expected in the second half of the year rather than in the first six months. These fluctuations are mainly due to requirements to conduct formal public tenders during the first six months with goods and services being purchased in the second six months of the year.

5. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER

Disposals

Vostokmashzavod JSC

On December 30, 2020 the Group, represented by its subsidiary Repair Corporation Kamkor LLP, entered into a sale agreement with a third party to sell shares of Vostokmashzavod JSC. The Group classified the assets and liabilities of Vostokmashzavod JSC as at December 31, 2020 as assets held for sale measured at the lower of carrying amount and fair value less costs to sell. On January 8, 2021 the Group completed sale transaction of the shares of Vostokmashzavod JSC, and, as a result, lost control over the subsidiary.

Assets and liabilities in the separate statements of Vostokmashzavod JSC at the date of disposal amounted 6,656 million tenge and 9,980 million tenge, respectively.

The result of disposal of the subsidiary is as follows:

In millions of tenge

Advance received previously	100
Disposed net liabilities	3,324
Disposed non-controlling interest	(849)
Adjustment to fair value of loans receivable and receivables from a former subsidiary	(2,575)
Net result from disposal of Vostokmashzavod JSC	-

As at the date of disposal Vostokmashzavod JSC had loans and trade payables due to the Group with a carrying value of 5,529 million tenge and 938 million tenge, respectively. Under the transaction for the acquisition of share in Vostokmashzavod JSC, the buyer guaranteed the repayment of this debt. Therefore, as a result of disposal, the Group recognized loans receivable and receivables at their fair value of 3,251 million tenge and 641 million tenge, respectively, reflecting the adjustment to fair value in the reconciliation above.

As a result, the disposal of the subsidiary in 2021 did not have an impact on the financial result.

Assets classified as held for sale or distribution to the Shareholder

Assets classified as held for sale or distribution to the Shareholder comprised the following:

<i>In millions of tenge</i>	Segment	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Assets classified as held for sale		49,612	61,360
Assets classified as held for distribution to Shareholder, including:		104	427
<i>KOREM JSC</i>	Energy	-	323
<i>Other</i>		104	104
		49,716	61,787

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

5. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER (continued)

Assets classified as held for sale or distribution to the Shareholder (continued)

Liabilities associated with assets classified as held for sale or distribution to the Shareholder comprised the following:

<i>In millions of tenge</i>	Segment	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Liabilities associated with assets classified as held for sale		2,392	4,814
Liabilities associated with assets classified as held for distribution to the Shareholder, including:		-	22
<i>KOREM JSC</i>	Energy	-	22
		2,392	4,836

On April 14, 2021 in accordance with the Resolution of the Government of the Republic of Kazakhstan dated March 17, 2021 the Group transferred shares of KOREM JSC to the State property and privatization committee of the Ministry of Finance of the Republic of Kazakhstan with net assets of 312 million tenge (*Note 16*).

In March 2021 the Group sold compressor station “Korkyt-ata”, which was reclassified to assets held for sale in 2020, for the consideration of 42,886 million tenge, of which 40,742 million tenge were paid as at September 30, 2021.

As at September 30, 2021, the Group reclassified to assets held for sale property and equipment of 49,854 million tenge mainly represented by compressor station “Aral” for 40,378 million tenge, self-propelled barge Berkut for 1,881 million tenge and property, plant and equipment of UTTiOS LLP for 5,009 million tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

6. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are presented as follows:

<i>In millions of tenge</i>	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infra- structure	Machinery, equipment and vehicles	Mining assets	Other	Const- ruction in progress	Total
Net book value at January 1, 2021 (audited)	4,455,419	1,986,120	1,176,291	1,161,613	3,315,856	154,747	198,742	1,255,097	13,703,885
Foreign currency translation	44,619	3,554	894	29	4,492	–	1,086	2,467	57,141
Changes in estimates	(11,609)	(633)	3,957	–	35	(205)	(3,353)	(49)	(11,857)
Additions	29,040	11,705	6,785	28	96,645	23,898	2,977	732,427	903,505
Additions through lease agreements	1,423	32,599	5,274	–	67,839	–	3,614	–	110,749
Capitalized repair works on right-of-use assets	–	–	–	–	6,949	–	–	–	6,949
Disposals	(21,690)	(43,034)	(6,541)	(4,012)	(32,181)	(987)	(5,043)	(803)	(114,291)
Depreciation charge	(212,635)	(132,204)	(53,162)	(27,795)	(259,120)	(23,141)	(17,221)	–	(725,278)
Depreciation and impairment on disposals	18,521	14,761	2,786	3,792	27,798	1	4,457	372	72,488
Impairment, net of reversal of impairment (Note 27)	(563)	(2,973)	246	(542)	(151)	199	3	(456)	(4,237)
Transfer from/(to) assets classified as held for sale	–	(24)	(13,351)	–	(35,895)	–	(560)	(24)	(49,854)
Transfers from/(to) intangible assets	989	–	(1)	–	(1)	–	–	(2,845)	(1,858)
Transfers from/(to) exploration and evaluation assets, investment property	145	–	(712)	–	89	–	(22)	–	(500)
Transfer from/(to) inventories	46	6,181	(22)	(193)	770	4,195	722	2,250	13,949
Other transfers and reclassifications	74,977	20,849	12,364	7,044	172,431	1,153	19,803	(308,621)	–
Net book value at September 30, 2021 (unaudited)	4,378,682	1,896,901	1,134,808	1,139,964	3,365,556	159,860	205,205	1,679,815	13,960,791
Historical cost	6,338,383	3,650,433	1,766,503	1,449,379	6,059,357	359,992	399,314	1,797,446	21,820,807
Accumulated depreciation and impairment	(1,959,701)	(1,753,532)	(631,695)	(309,415)	(2,693,801)	(200,132)	(194,109)	(117,631)	(7,860,016)
Net book value at September 30, 2021 (unaudited)	4,378,682	1,896,901	1,134,808	1,139,964	3,365,556	159,860	205,205	1,679,815	13,960,791
Historical cost	6,207,948	3,607,779	1,764,392	1,447,389	5,812,284	338,271	375,664	1,374,385	20,928,112
Accumulated depreciation and impairment	(1,752,529)	(1,621,659)	(588,101)	(285,776)	(2,496,428)	(183,524)	(176,922)	(119,288)	(7,224,227)
Net book value at December 31, 2020 (audited)	4,455,419	1,986,120	1,176,291	1,161,613	3,315,856	154,747	198,742	1,255,097	13,703,885

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>In millions of tenge</i>	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infra- structure	Machinery, equipment and vehicles	Mining assets	Other	Construc- tion in progress	Total
Including right-of-use assets under lease agreements									
Net book value at January 1, 2021 (audited)	40,947	6,253	69,501	–	355,064	–	30,137	–	501,902
Foreign currency translation	1,161	66	167	–	3,791	–	282	–	5,467
Changes in estimates	–	11	3,995	–	36	–	(3,353)	–	689
Additions through lease agreements	1,423	32,599	5,274	–	67,839	–	3,614	–	110,749
Capitalized repair works on right-of-use assets	–	–	–	–	6,949	–	–	–	6,949
Disposals	–	(9)	(2,825)	–	(6,496)	–	(422)	–	(9,752)
Depreciation charge	(5,816)	(24,625)	(11,764)	–	(51,181)	–	(4,179)	–	(97,565)
Depreciation and impairment on disposals	–	9	704	–	5,876	–	352	–	6,941
Net book value at September 30, 2021 (unaudited)	37,715	14,304	65,052	–	381,878	–	26,431	–	525,380
Historical cost of right-of-use assets under lease agreements	55,786	39,689	108,645	–	649,322	–	35,377	–	888,819
Accumulated depreciation and impairment of right-of-use assets under lease agreements	(18,071)	(25,385)	(43,593)	–	(267,444)	–	(8,946)	–	(363,439)
Net book value at September 30, 2021 (unaudited)	37,715	14,304	65,052	–	381,878	–	26,431	–	525,380
Historical cost of right-of-use assets under lease agreements	53,747	7,014	102,001	–	530,064	–	35,063	–	727,889
Accumulated depreciation and impairment of right-of-use assets under lease agreements	(12,800)	(761)	(32,500)	–	(175,000)	–	(4,926)	–	(225,987)
Net book value at December 31, 2020 (audited)	40,947	6,253	69,501	–	355,064	–	30,137	–	501,902

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

6. PROPERTY, PLANT AND EQUIPMENT (continued)

As at September 30, 2021 property, plant and equipment with net book value of 918,324 million tenge was pledged as collateral for some of the Group’s borrowings (December 31, 2020: 959,895 million tenge).

As at September 30, 2021 the cost of fully amortised property, plant and equipment of the Group was equal to 1,207,735 million tenge (December 31, 2020: 1,320,644 million tenge).

For the nine months ended September 30, 2021 the Group capitalized borrowing costs at an average interest rate of 4.6% in the amount of 33,167 million tenge (*Note 17*) (for the nine months ended September 30, 2020: at an average interest rate of 4.8% in the amount of 18,183 million tenge).

7. INTANGIBLE ASSETS

Movements in intangible assets are presented as follows:

<i>In millions of tenge</i>	Licenses	Subsur- face use rights	Goodwill	Marketing related intangible assets	Software	Other	Total
Net book value at January 1, 2021 (audited)	711,045	832,147	315,981	24,825	63,930	74,096	2,022,024
Foreign currency translation	5,854	2,386	125	282	49	402	9,098
Additions	1,471	2,782	-	-	12,614	804	17,671
Disposals	(86)	-	-	-	(953)	(1,902)	(2,941)
Amortization charge	(34,793)	(27,535)	-	-	(14,807)	(3,942)	(81,077)
Accumulated amortization on disposals	80	-	-	-	872	1,900	2,852
Transfer from/(to) assets classified as held for sale	-	-	-	-	(52)	-	(52)
Transfers from/(to) property, plant and equipment	276	(989)	-	-	2,450	121	1,858
Transfer from other non- current assets	2,158	-	-	-	64	-	2,222
Other transfers and reclassifications	608	-	-	-	4,894	(5,502)	-
Net book value at September 30, 2021 (unaudited)	686,613	808,791	316,106	25,107	69,061	65,977	1,971,655
Historical cost	880,953	938,402	433,014	64,447	208,128	142,829	2,667,773
Accumulated amortization and impairment	(194,340)	(129,611)	(116,908)	(39,340)	(139,067)	(76,852)	(696,118)
Net book value at September 30, 2021 (unaudited)	686,613	808,791	316,106	25,107	69,061	65,977	1,971,655
Historical cost	869,540	933,938	432,947	63,722	189,762	148,180	2,638,089
Accumulated amortization and impairment	(158,495)	(101,791)	(116,966)	(38,897)	(125,832)	(74,084)	(616,065)
Net book value at December 31, 2020 (audited)	711,045	832,147	315,981	24,825	63,930	74,096	2,022,024

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

8. EXPLORATION AND EVALUATION ASSETS

Movements in exploration and evaluation assets are presented as follows:

<i>In millions of tenge</i>	Tangible	Intangible	Total
Net book value at January 1, 2021 (audited)	339,742	27,651	367,393
Foreign currency translation	2,118	–	2,118
Additions	10,502	695	11,197
Disposals	–	(4,970)	(4,970)
Depreciation and impairment on disposals	–	4,970	4,970
Impairment/write-off, net of reversal of impairment (Note 27)	(79,083)	–	(79,083)
Transfers from/(to) property, plant and equipment	(145)	–	(145)
Transfer from/(to) inventories	(2,612)	–	(2,612)
Net book value at September 30, 2021 (unaudited)	270,522	28,346	298,868
Historical cost	293,960	31,551	325,511
Accumulated impairment	(23,438)	(3,205)	(26,643)
Net book value at September 30, 2021 (unaudited)	270,522	28,346	298,868
Historical cost	365,000	35,825	400,825
Accumulated impairment	(25,258)	(8,174)	(33,432)
Net book value at December 31, 2020 (audited)	339,742	27,651	367,393

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Investments in joint ventures and associates comprised the following:

<i>In millions of tenge</i>	Main activity	Place of business	September 30, 2021 (unaudited)		December 31, 2020 (audited)	
			Carrying amount	Percentage ownership	Carrying amount	Percentage ownership
Joint ventures						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	3,130,320	20.00%	2,793,887	20.00%
Asian Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	441,621	50.00%	291,086	50.00%
Beineu-Shymkent Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	183,876	50.00%	156,771	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	174,813	50.00%	142,585	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	93,356	50.00%	76,702	50.00%
Forum Muider B. V.	Production and sale of coal	Kazakhstan	51,951	50.00%	42,437	50.00%
Ural Group Limited BVI	Oil and gas exploration and production	Kazakhstan	42,936	50.00%	44,585	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	31,024	50.00%	32,840	50.00%
Other			174,722		150,741	
Total joint ventures			4,324,619		3,731,634	
Associates						
Kazzinc LLP	Mining and processing of metal ores, production of refined metals	Kazakhstan	520,821	29.82%	531,591	29.82%
Caspian Pipeline Consortium	Transportation of liquid hydrocarbons	Kazakhstan/Russia	441,491	20.75%	478,134	20.75%
PetroKazakhstan Inc. (“PKI”)	Exploration, production and processing of oil and gas	Kazakhstan	83,993	33.00%	78,636	33.00%
JV KATCO LLP	Exploration, production and processing of uranium	Kazakhstan	63,501	49.00%	55,845	49.00%
Other			103,295		109,836	
Total associates			1,213,101		1,254,042	
			5,537,720		4,985,676	

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following table summarizes the movements in equity investments in joint ventures and associates:

In millions of tenge

Balance as at January 1, 2021 (audited)	4,985,676
Share in profit of joint ventures and associates, net (Note 30)	782,938
Additional contributions without change in ownership	1,925
Other comprehensive income, other than foreign currency translation	480
Discount on loans issued	3,353
Dividends received	(248,090)
Change in dividends receivable	(28,276)
Impairment (Note 27)	(3,716)
Disposals	(89)
Acquisitions	1,398
Foreign currency translation	41,891
Other changes in equity of joint ventures and associates	230
Balance as at September 30, 2021 (unaudited)	5,537,720

10. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Bank deposits	718,165	370,845
Loans to credit institutions	87,448	122,217
Less: allowance for expected credit losses	(1,721)	(3,490)
Amounts due from credit institutions, net	803,892	489,572
Less: current portion	(689,946)	(354,257)
Non-current portion	113,946	135,315

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Rating from A+(A1) to A-(A3)	352,800	124,409
Rating from BBB+(Baa1) to BBB(Baa2)	82,372	1,608
Rating from BBB-(Baa3) to BB-(Ba3)	295,834	284,997
Rating from B+(B1) to B-(B3)	72,886	78,558
	803,892	489,572

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

10. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	Weighted average interest rate	December 31, 2020 (audited)	Weighted average interest rate
Amounts due from credit institutions, denominated in US dollars	640,831	0.31%	308,948	0.47%
Amounts due from credit institutions, denominated in tenge	141,591	5.68%	180,623	3.46%
Amounts due from credit institutions, denominated in other currencies	21,470	3.75%	1	0.70%
	803,892		489,572	

As at September 30, 2021 amounts due from credit institutions included funds of 7,678 million tenge pledged as collateral for certain Group’s borrowings (December 31, 2020: 12,031 million tenge).

11. OTHER FINANCIAL ASSETS

Other financial assets comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Financial assets at fair value through other comprehensive income, including:	34,233	56,830
Bonds of Kazakhstani financial institutions	21,278	42,331
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	9,020	6,492
Corporate bonds	2,076	6,135
Treasury notes of foreign governments	1,800	1,810
Equity securities	59	62
Financial assets at amortized cost, including:	890,813	683,618
Bonds of Kazakhstani financial institutions	360,762	333,082
Notes of the National Bank of the Republic of Kazakhstan	122,896	62,295
Corporate bonds	108,502	104,700
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	1,863	1,834
Other financial assets at amortized cost, including:		
<i>Other accounts receivable</i>	214,926	114,510
<i>Restricted cash</i>	165,468	170,135
<i>Dividends receivable</i>	31,602	3,427
<i>Amounts due from employees</i>	10,936	12,441
<i>Other</i>	10,655	10,730
Less: allowance for expected credit losses	(136,797)	(129,536)
Financial assets at fair value through profit or loss, including:	67,476	62,361
Equity securities	44,611	56,955
Guaranteed returns from a shareholder of a joint venture	11,493	–
Options	6,671	1,048
Corporate bonds	3,780	3,508
Bonds of Kazakhstani financial institutions	804	753
Forward and futures contracts	117	97
Total financial assets	992,522	802,809
Less: current portion	(369,230)	(188,427)
Non-current portion	623,292	614,382

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

11. OTHER FINANCIAL ASSETS (continued)

Other financial assets by currency, except for derivatives, comprised:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Financial assets, denominated in tenge	783,557	618,107
Financial assets, denominated in US dollars	166,338	149,242
Financial assets, denominated in euro	29,608	29,363
Financial assets, denominated in rubles	2,490	14
Financial assets, denominated in other currency	3,741	4,938
	985,734	801,664

On September 10, 2021 the Group realized 30,001 shares of Tin One Mining JSC to Berkut Mining JSC in the amount of 14,256 million tenge, the carrying amount of which equaled 13,003 million tenge at the date of disposal. Gain from the realization of the equity securities at fair value through profit or loss in the amount of 1,554 million tenge was recognized as financial income in the interim condensed consolidated statement of comprehensive income (*Note 29*).

As at September 30, 2021 other accounts receivable include receivable of 55,302 million tenge from disposal of 24% share of Kcell JSC through open trading on the Kazakhstan Stock Exchange (KASE). As a result of this transaction the share of the Group in Kcell JSC is 51% (*Note 16*).

12. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Advances paid for non-current assets	276,592	217,889
Long-term VAT receivable	201,014	194,145
Long-term inventories	61,968	67,306
Prepaid expenses	14,916	10,521
Other	26,811	24,166
Less: impairment allowance	(66,147)	(66,120)
	515,154	447,907

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

13. INVENTORIES

Inventories comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Uranium products <i>(at lower of cost and net realizable value)</i>	226,869	183,360
Crude oil <i>(at cost)</i>	77,682	34,151
Production materials and supplies <i>(at lower of cost and net realizable value)</i>	64,017	65,869
Work in progress <i>(at lower of cost and net realizable value)</i>	57,044	45,104
Oil refined products for sale <i>(at lower of cost and net realizable value)</i>	48,467	56,712
Gas processed products <i>(at cost)</i>	39,094	32,841
Oil and gas industry materials and supplies <i>(at cost)</i>	36,934	38,196
Goods for resale <i>(at lower of cost and net realizable value)</i>	34,705	60,180
Railway industry materials and supplies <i>(at cost)</i>	17,192	15,010
Fuel <i>(at lower of cost and net realizable value)</i>	16,759	20,489
Aircraft spare parts <i>(at lower of cost and net realizable value)</i>	14,415	13,308
Electric transmission equipment spare parts <i>(at cost)</i>	4,870	4,845
Telecommunication equipment spare parts <i>(at lower of cost and net realizable value)</i>	2,918	1,805
Uranium industry materials and supplies <i>(at lower of cost and net realizable value)</i>	2,013	1,841
Other materials and supplies <i>(at lower of cost and net realizable value)</i>	78,283	52,652
	721,262	626,363

Uranium products and goods for resale as at September 30, 2021 and December 31, 2020 include inventory received under inventory loans in the amount of 8,597 million tenge, which corresponds to the estimated fair value of consideration transferred on the transaction date. A liability corresponding to the obligation to return inventory was recognised in the same amount in other liabilities (*Notes 21, 22*) and further revalued in accordance with the changes of market prices for inventory. During the current period, additional agreements on prolongation of maturity of these inventory loans were concluded. Inventory loans are to be settled in May-June, 2023.

14. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

Trade accounts receivable comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Trade accounts receivable	816,761	714,328
Less: allowance for expected credit losses	(58,738)	(47,221)
	758,023	667,107

Other current assets comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Advances paid and deferred expenses	131,779	89,778
Other prepaid taxes	78,840	84,595
Other non-financial current assets	22,939	24,798
Less: impairment allowance	(15,642)	(14,402)
	217,916	184,769

As at September 30, 2021 the Group’s receivables of 167,769 million tenge were pledged under certain Group borrowings (December 31, 2020: 156,111 million tenge).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Current accounts with banks – US dollars	678,157	701,048
Current accounts with banks – tenge	286,748	248,087
Current accounts with banks – other currency	36,890	44,149
Bank deposits – US dollars	621,557	740,940
Bank deposits – tenge	727,882	405,360
Bank deposits – other currency	85,944	55,743
Reverse repurchase agreements and other treasury securities with contractual maturity of three months or less	95,187	15,421
Cash in transit	13,238	8,185
Cash on hand	9,023	9,057
Less: allowance for expected credit losses	(747)	(321)
	2,553,879	2,227,669

Within the framework of diversification, the Group continues to place part of its free liquidity in money market instruments, such as automatic repurchase agreements secured by government securities.

Short-term bank deposits are placed for varying periods of between 1 (one) day and 3 (three) months, depending on immediate cash needs of the Group. As at September 30, 2021 the weighted average interest rates for short-term bank deposits were 8.38% in tenge, 0.29% in US dollars, 0.01-3.59% in other currency; and current accounts were 1.6% in tenge, 0.3% in USD dollars, 0.44-1.24% in other currency, respectively (December 31, 2020: the weighted average interest rates for short-term bank deposits were 7.85% in tenge, 0.47% in US dollars, 0.01-3.0% in other currency; and current accounts were 0.81% in tenge, 0.07% in US dollars, 0.11-0.35% in other currency).

16. EQUITY

16.1 Share capital

Payment for shares	Number of shares authorized and issued	Par value per share, in tenge	Share capital in millions of tenge
As of December 31, 2020 (audited)	3,481,960,408		5,258,657
Cash contribution	1,000	9,923,089	9,923
As of September 30, 2021 (unaudited)	3,481,961,408		5,268,580

Cash contribution

On August 27, 2021, the Shareholder made cash contribution to the Fund’s share capital of 9,923 million tenge. These amounts were aimed to finance the project “Construction of Infrastructure facilities on the territory of SEZ “National Industrial Petrochemical Technopark”.

16.2 Dividends

Dividends attributable to non-controlling interest

During the nine months ended September 30, 2021, the Group declared dividends of 84,516 million tenge to the holders of non-controlling interest in National Company “KazMunayGas” JSC (“NC KMG”) group, Kazakhtelecom JSC (“KTC”), National Atomic Company “Kazatomprom” JSC (“NAC KAP”) and Kazakhstan Electricity Grid Operating Company JSC (“KEGOC”). Total amount of dividends paid to the holders of non-controlling interest during the nine months ended September 30, 2021 equaled 83,816 million tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

16. EQUITY (continued)

16.3 Other transactions with the Shareholder

In September 2021, the Group represented by its subsidiaries Passenger Transportation JSC and Tulpar Wagon Building Plant LLP entered into a three-side purchase and finance lease arrangements with Industrial Development Fund JSC, which is under common control of ultimate Shareholder, for renewal of passenger wagon fleet for 13,125 million tenge. Interest is repaid annually at 1.5%. The principal amount is subject to repayment in annual instalments until it is fully repaid in 2041. The grace period on repayment of principal amount is 6 years.

The borrowings were obtained at the rates below market and the fair value of the borrowings was calculated based on market interest rate of 10.78%. The Group recognized the adjustment to fair value of 7,857 million tenge with the deferred tax effect of 1,571 million tenge as other transaction with the Shareholder (*Note 17*).

16.4 Other distributions to the Shareholder

Social projects financing

During the nine months ended September 30, 2021 in accordance with the Shareholder’s resolution, the Group provided funding for procurement of vaccines against COVID-19 for the total amount of 13,410 million tenge and recognised the funding as other distributions to the Shareholder in the consolidated statement of changes in equity. As of September 30, 2021 these liabilities were fully paid off.

Also, during the nine months ended September 30, 2021 in accordance with the Shareholder’s resolutions, the Group recognised liabilities for financing of various social sport projects for the amount 20,969 million tenge as other distributions to the Shareholder in the consolidated statement of changes in equity. These liabilities were fully settled as of September 30, 2021.

16.5 Transfer of assets to the Shareholder

Transfer of shares of KOREM JSC

In April 2021, in accordance with the Resolution of the Government of the Republic of Kazakhstan dated March 17, 2021 the Group transferred shares of KOREM JSC to the State property and privatization committee of the Ministry of Finance of the Republic of Kazakhstan with net assets of 312 million tenge (*Note 5*). This transaction was recognized as transfer of assets to the Shareholder in consolidated statement of changes in equity.

16.6 Discount on loans from the Government

During the nine months ended September 30, 2021, the Group made partial early repayment of bonds with the nominal amount of 314 million tenge purchased by the National Bank of Republic of Kazakhstan. Due to the early redemption of obligations, the Group recognized the decrease in discount on loans from the Government of 113 million tenge in consolidated statement of changes in equity.

16.7 Change in ownership interests of subsidiaries – disposal of interest that does not result in the loss of control

Disposal of 49% interest in PE Ortalyk LLP

Under the terms of several agreements between the Group, represented by its subsidiary NAC KAP, and China General Nuclear Power Corporation (“CGNPC”), the parties agreed to construct a fuel assembly plant (“Ulba-FA”) at the Ulba Metallurgical Plant. CGNPC provided a guarantee that Ulba-FA’s production will be purchased by CGNPC in exchange for the Group agreeing to sell a 49% interest in the Group’s wholly owned subsidiary, PE Ortalyk LLP, to a subsidiary of CGNPC (the “Transaction”).

In April 2021, a Sale and Purchase agreement was signed where the price of a 49% stake in PE Ortalyk LLP was determined at 435 million US dollars (equivalent to 186,437 million tenge) based on an independent appraiser’s fair value assessment.

On July 22, 2021 the sale of the interest in PE Ortalyk LLP was completed following receipt of all government approvals and satisfaction of all sale and purchase agreement pre-conditions. Re-registration of the entity has been completed and CGNM UK Limited (a CGNPC subsidiary) is now a participant in PE Ortalyk LLP. The Group retains the 51% interest and CGNM UK Limited holds a 49% interest. The Group management has determined that the Group retains control over PE Ortalyk LLP because the Group has substantive rights to direct the entity’s production activities and affect the amount of returns from it. The Group holds the majority voting rights in the Supervisory board of PE Ortalyk LLP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

16. EQUITY (continued)

16.7 Change in ownership interests of subsidiaries – disposal of interest that does not result in the loss of control (continued)

Disposal of 49% interest in PE Ortalyk LLP (continued)

As a result of the deal, the Group adjusted the non-controlling interest by 20,389 million tenge in consolidated statement of changes in equity, and recognized the difference between the amount of the non-controlling interest adjustment and the fair value of the consideration received in retained earnings.

At the date of issuance of these interim condensed consolidated financial statements, the consideration was paid in full, and equaled 185,858 million tenge at the date of payment received.

Put and Call options

The Sale and Purchase agreement contains Put and Call options. The Put option grants CGNPC, CGNPC-URC, CGNM UK Limited the right to require the NAC KAP to acquire the share in PE Ortalyk LLP and the right to require Ulba Metallurgical Plant JSC to acquire the share in Ulba-FA LLP. The Call Option grants the NAC KAP the right to require CGNM UK to sell the share in PE Ortalyk LLP to the NAC KAP and the right of Ulba Metallurgical Plant JSC to require CGNPC-URC to sell the share in Ulba-FA LLP to Ulba Metallurgical Plant JSC. These Put and Call options may be exercisable if a material violation has been committed by CGNPC, CGNPC-URC, CGNM UK Limited, the NAC KAP, Ulba Metallurgical Plant JSC, or if CGNPC-URC ceases ownership of Ulba-FA LLP, or if CGNM UK Limited ceases ownership of PE Ortalyk LLP, or if a deadlock situation occurs in the activities of PE Ortalyk LLP and Ulba-FA LLP, or if notification of liquidation of the NAC KAP, Ulba Metallurgical Plant JSC, CGNPC, CGNPC-URC, CGNM UK Limited has been received.

The Put and Call options may be exercisable if any of the abovementioned events occur. The price of shares should be valued at market value as at the date of the option exercise notice from the parties to the agreement.

The above mentioned options are derivative instruments that are required to be measured at fair value on the balance sheet, with changes in fair value being accounted for through profit or loss. As the options are exercisable at the predetermined contract price equal to fair value of underlying shares, the value of derivatives is always close to zero.

Buy-back Right

In accordance with the Sale and Purchase agreement between the NAC KAP and CGNM UK Limited, the NAC KAP has the right to request CGNM UK Limited to sell its share in PE Ortalyk LLP if the delivery of the first fuel assemblies batch under the first long-term contract for the procurement of fuel assemblies has not taken place by December 31, 2022, production and/or supply of fuel assemblies to the PRC under any long-term contract has not been carried out for twelve consecutive months, any long-term sales contract is not concluded, the production of fuel assemblies is terminated before CGNPC-URC finishes the fuel assembly purchase obligation and failure to fulfill obligations to purchase Ulba Metallurgical Plant JSC services for the production of fuel pellets, CGNM UK Limited is being transformed into a new legal entity, which is unable to /refuses to /partially accepts the obligations of CGN Mining and CGNM UK Limited specified above.

The buy back price of the participatory interest should be equal to fair market value of such participatory interest.

Disposal of 24% of shares of Kcell JSC

On September 30, 2021, the Group, represented by its subsidiary KTC, sold 24% of shares of Kcell JSC through open trading on Kazakhstan Stock Exchange (KASE). As a result of disposal of shares, the Group recognized proceeds of 55,280 million tenge, net of transaction costs of 22 million tenge (*Note 11*), non-controlling interest increased by 14,885 million tenge, and the difference of 40,395 million tenge was recognized as an increase in retained earnings.

16.8 Currency translation reserve

The currency translation reserve is used to record exchange differences arising from the translation of financial statements of the subsidiaries, whose functional currency is not tenge and whose financial statements are included in the consolidated financial statements. During the nine months ended September 30, 2021 foreign translation difference amounted to 109,312 million tenge.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

16. EQUITY (continued)

16.8 Currency translation reserve (continued)

Certain borrowings of the Group denominated in US dollars were designated as hedge instrument for the net investment in the foreign operations. Unrealized foreign currency loss for the nine months ended September 30, 2021 of 45,336 million tenge resulting from translation of these borrowings were transferred to currency translation reserve recognized in other comprehensive income.

16.9 Book value per share

In accordance with the decision of the Exchange Board of Kazakhstan Stock Exchange JSC (“KASE”) dated October 4, 2010 financial statements shall disclose book value per share (common and preferred) as of the reporting date, calculated in accordance with the KASE rules.

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Total assets	29,195,107	27,482,846
Less: intangible assets	(1,971,655)	(2,022,024)
Less: total liabilities	(12,632,375)	(12,331,231)
Net assets for common shares	14,591,077	13,129,591
Number of common shares	3,481,961,408	3,481,960,408
Book value per common share, tenge	4,190	3,771

Earnings per share

<i>In tenge</i>	For the nine months ended September 30, 2021 (unaudited)	For the nine months ended September 30, 2020 (unaudited)
Weighted average number of common shares for basic and diluted earnings per share	3,481,960,044	3,481,958,351
Basic and diluted share in net profit for the period per share	397.84	145.28

17. BORROWINGS

Borrowings, including interest payable, comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Fixed interest rate borrowings	6,283,894	6,026,196
Floating interest rate borrowings	1,304,462	1,433,004
	7,588,356	7,459,200
Less: amounts due for settlement within 12 months	(1,019,945)	(850,210)
Amounts due for settlement after 12 months	6,568,411	6,608,990

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
US dollar-denominated borrowings	5,029,464	4,908,083
Tenge-denominated borrowings	1,840,726	1,893,815
Other currency-denominated borrowings	718,166	657,302
	7,588,356	7,459,200

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

17. BORROWINGS (continued)

Changes in borrowings are as follows:

In millions of tenge

Balance as at January 1, 2021 (audited)	7,459,200
Received by cash	629,136
Purchase of property plant and equipment financed by borrowings	14,472
Interest accrued	330,173
Discount (<i>Notes 16.3, 29</i>)	(7,987)
Amortization of discount	11,444
Interest capitalized (<i>Note 6</i>)	33,167
Interest paid	(332,106)
Repayment of principal	(573,445)
Foreign currency translation	57,620
Repayment of principal and interest by reserved cash	(32,799)
Other	(519)
Balance as at September 30, 2021 (unaudited)	7,588,356

* *Cash proceeds and repayments of certain borrowings obtained by the Fund’s Corporate Center are included within cash flows from operating activities because these borrowings are part of the Fund’s main activity of assets management.*

The carrying amount of borrowings by the Group subsidiaries is presented below:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
NC KMG and its subsidiaries	3,969,611	4,017,810
NC KTZh and its subsidiaries	1,447,850	1,444,085
UCC and its subsidiaries	719,844	516,888
The Fund	592,263	553,217
Kazakhtelecom and its subsidiaries	246,881	284,527
Samruk-Energy and its subsidiaries	207,480	196,075
KEGOC and its subsidiaries	153,717	100,611
EGRES-2	99,624	97,827
NAC KAP and its subsidiaries	87,537	161,034
Air Astana	39,846	69,035
Other subsidiaries of the Fund	23,703	18,091
Total borrowings	7,588,356	7,459,200

Covenants

Under the terms of some loan agreements, respective subsidiaries of the Group are obliged to comply with certain covenants. The Group reviews compliance with all the Group loan covenants at each reporting date.

On October 31, 2011 the Group, represented by its subsidiary SSAP LLP, obtained a credit line in Eurasian Development Bank (EDB) in the amount of 8,820 million tenge maturing in 2024 and an interest rate of 10.5%, which corresponded to the market interest rate for similar loans.

The loan was obtained as part of reconstruction of the sulphuric acid plant and is due for settlement in accordance with the established schedule starting from March 1, 2016. Interest is due for settlement starting from March 1, 2014.

As part of the credit agreement with EDB, the SSAP LLP undertakes to ensure payment on the debt-service ratio of at least 1.2 and the ratio of Debt / EBITDA not exceeding 3.5.

Based on the results of 2020, the Group calculated these ratios, where the Debt / EBITDA ratio was 4.58. Debt service ratio is calculated based on the free cash flow divided by the amount of debt payments. As at December 31, 2020 the debt service ratio was 0.72, which meant a breach of obligations under the contract.

Due to the fact that the Group did not receive a waiver from the bank in 2020 the long term portion of loans in the amount of 2,086 million tenge was reclassified to current liabilities as at December 31, 2020 and September 30, 2021.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

17. BORROWINGS (continued)

Covenants (continued)

On October 29, 2021, a letter was received from the EDB with a proposal to amend the loan agreement by January 31, 2022 inclusive, in terms of providing additional collateral in the form of funds in a deposit account. The EDB also announced that it will not apply fines to SSAP LLP and UCC at the end of 2020 and the conditions for covenants will be canceled from the moment of signing an additional agreement to the loan agreement.

As of the date of these interim condensed financial statements, the parties have not signed an additional agreement.

The terms of the loan agreement with the EDB, the monitoring frequency for covenants and the repayment schedule did not change, and on September 1, 2021 SSAP LLP made repayment of principal and interest in accordance with repayment schedule using own funds in the amount of 486 million tenge.

As at September 30, 2021 and December 31, 2020 the Group complied with financial and non-financial covenants required by other loan agreements.

18. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

Loans from the Government of the Republic of Kazakhstan comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Bonds acquired by the National Bank of the Republic of Kazakhstan using the assets of the National Fund	562,979	541,754
Loans from the Government of the Republic of Kazakhstan	24,957	51,468
	587,936	593,222
Less: amounts due for settlement within 12 months	(13,250)	(30,773)
Amounts due for settlement after 12 months	574,686	562,449

19. OBLIGATIONS UNDER OIL SUPPLY AGREEMENTS

KMG Kashagan B.V.

In 2018, the KMG Kashagan B.V. signed the second supplementary agreement to the crude oil supply agreement entered into in 2016. Under the terms of the supplementary agreement, the term of oil supplies was extended until December 2025, accordingly the minimum volume of oil from the Kashagan field was increased, and for the period from 2018 to 2025 amounts to 16.6 million tons.

The Agreement stipulates price determination on the basis of current market quotations and prepayment is reimbursed by means of physical supply of crude oil.

In accordance with the terms of the agreement, supply of oil started from January 2017. The KMG Kashagan B.V. considers this agreement as a contract, which was signed for the purpose of delivery of non-financial items in accordance with the Company’s expectations and sale requirements.

As of September 30, 2021, KMG Kashagan B.V. fully repaid the prepayment outstanding under the crude oil supply agreement (as at December 31, 2020: 283,562 million tenge).

According to the terms of the agreement, KMG Kashagan B.V. must ensure that the volumes of crude oil supplied are unencumbered.

The total amount of accrued remuneration for the nine months ended September 30, 2021 was 3,810 million tenge (for the nine months ended September 30, 2020: 11,348 million tenge) (Note 28). Payment of remuneration shall be made in kind with crude oil.

Prepayment on oil supply agreement is recognized as contract liability to customers in accordance with IFRS 15.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

20. LEASE LIABILITIES

Future minimum lease payments under leases together with the present value of the net minimum lease payments comprised the following:

<i>In millions of tenge</i>	Minimum lease payments		Present value of minimum lease payments	
	September 30, 2021 (unaudited)	December 31, 2020 (audited)	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Within one year	147,010	139,234	126,584	118,878
Two to five years inclusive	350,303	343,809	283,669	288,224
After five years	174,212	138,253	113,081	108,217
	671,525	621,296	523,334	515,319
Less: amounts representing finance costs	(148,191)	(105,977)	–	–
Present value of minimum lease payments	523,334	515,319	523,334	515,319
Less: amounts due for settlement within 12 months			(126,584)	(118,878)
Amounts due for settlement after 12 months			396,750	396,441

As at September 30, 2021 interest calculation was based on effective interest rates ranging from 5.17% to 15.26% (December 31, 2020: from 4.01% to 14.5%).

Changes in lease liabilities are as follows:

<i>In millions of tenge</i>	
January 1, 2021 (audited)	515,319
Additions of leases	94,222
Foreign currency translation	3,638
Interest accrued (Note 28)	28,994
Interest paid	(22,236)
Repayment of principal	(90,129)
Other	(6,474)
September 30, 2021 (unaudited)	523,334

21. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Other financial liabilities		
Accounts payable	47,518	21,536
Obligations under guarantee agreements	41,774	47,200
Historical costs associated with obtaining subsoil use rights	11,915	11,922
Other	19,395	17,355
Other non-financial liabilities		
Contract liabilities to customers	37,760	6,937
Advances received and deferred income	37,274	27,055
Liabilities under inventory loan agreements (Note 13)	13,636	–
Government grant liability	9	29
Other	7,431	6,051
	216,712	138,085

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

22. TRADE AND OTHER PAYABLES, AND OTHER CURRENT LIABILITIES

Trade and other payables comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Trade accounts payable	755,982	731,348
Accounts payable for the supply of property, plant and equipment	74,973	82,722
Other accounts payable	14,727	14,188
	845,682	828,258

Trade accounts payable were expressed in the following currencies:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
US dollar-denominated trade accounts payable	344,742	239,608
Tenge-denominated trade accounts payable	331,145	413,111
Other currency-denominated trade accounts payable	80,095	78,629
	755,982	731,348

Other current liabilities comprised the following:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Other financial liabilities		
Liability on buyback of ownership interest in a subsidiary PE Ortalyk LLP (Note 16.7)	185,210	–
Due to employees	52,989	35,181
Amounts due to customers	42,998	40,364
Obligations to the Shareholder on the financing of social projects	30,512	54,027
Obligations under guarantee agreements	5,606	6,174
Dividends payable	934	477
Other	29,281	30,445
Other non-financial liabilities		
Contract liabilities to customers	261,719	228,774
Other taxes payable	186,334	179,929
Vacation and other employee benefits allowance	65,979	87,479
Advances received and deferred income	15,733	11,971
Amounts due under uranium swap contracts	15,050	11,588
Pension and social contributions liabilities	14,883	16,750
Government grant liability	8,894	197
Joint operations liabilities	5,700	–
Liabilities under inventory loan agreements (Note 13)	73	10,522
Other	35,218	38,153
	957,113	752,031

The Group has recognised a liability in accordance with the terms of the sale and purchase agreement of a 49% stake in PE Ortalyk LLP (Note 16), which provides the right to CGNM to request the Group to buy back that entity’s ownership interest in PE Ortalyk LLP at fair value on the date of purchase if PE Ortalyk LLP does not receive a new subsoil use contract on Zhalpak field by December 31, 2021. This liability is measured at fair value at the reporting date including the foreign exchange gain of 1,227 million tenge.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

23. REVENUE

<i>In millions of tenge</i>	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Sales of crude oil	1,011,301	465,387	2,648,014	1,445,174
Sales of oil refined products	641,426	510,466	1,898,395	1,331,654
Railway cargo transportation	296,158	284,685	872,287	787,111
Sales of refined gold	203,996	192,186	516,745	453,564
Telecommunication services	147,998	133,411	426,272	378,346
Sales of gas products	128,564	155,896	520,097	598,726
Air transportation	102,548	36,248	239,373	114,264
Sales of uranium products	90,925	197,897	314,004	340,542
Oil and gas transportation fee	84,650	68,320	244,111	215,861
Electricity complex	81,531	57,732	250,882	180,068
Electricity transmission services	76,294	71,716	222,137	211,525
Oil processing fees	52,497	48,323	154,477	140,324
Railway passenger transportation	18,707	8,206	42,728	29,881
Interest revenue	15,776	12,321	47,499	36,545
Postal services	10,614	11,710	33,795	31,035
Other revenue	92,605	88,033	269,565	253,264
Less: quality bank for crude oil	(902)	(758)	(3,744)	(2,408)
Less: indirect taxes and commercial discounts	(155,965)	(163,747)	(463,209)	(382,731)
	2,898,723	2,178,032	8,233,428	6,162,745

<i>In millions of tenge</i>	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Geographical markets				
Kazakhstan	1,203,990	1,022,828	3,422,044	2,918,316
Other countries	1,694,733	1,155,204	4,811,384	3,244,429
	2,898,723	2,178,032	8,233,428	6,162,745

24. COST OF SALES

<i>In millions of tenge</i>	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Materials and supplies	1,280,347	780,730	3,482,729	2,253,495
Depreciation, depletion and amortization	246,884	232,879	738,633	694,450
Personnel costs, including social tax and contributions	246,609	220,149	716,346	645,358
Fuel and energy	101,444	84,508	301,937	258,936
Repair and maintenance	71,846	55,449	190,197	169,275
Production services received	69,868	53,952	173,157	168,064
Mineral extraction tax	36,110	23,442	93,858	67,844
Taxes other than social taxes and withdrawals	30,982	26,943	83,287	76,255
Transportation expenses	26,774	19,966	59,205	41,534
Interest expense	17,891	21,262	47,292	55,190
Communication services	12,191	12,443	36,513	36,876
Rent	8,705	6,872	28,264	40,534
Security services	6,488	5,527	18,292	15,868
Other	59,966	51,381	165,012	168,943
	2,216,105	1,595,503	6,134,722	4,692,622

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

25. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Personnel costs, including social tax and contributions	50,188	46,852	145,817	141,722
Depreciation and amortization	10,260	8,545	28,826	26,316
Audit and consulting services	6,901	5,256	20,989	20,111
Taxes other than social taxes and withdrawals	6,071	5,610	20,261	23,949
Allowance for expected credit losses for trade receivable and other assets	2,060	3,004	12,324	4,274
Repair and maintenance	1,757	1,712	4,848	4,687
Other services by third parties	1,596	1,298	4,216	3,824
Rent	1,125	1,056	3,289	3,800
Business trips	1,078	326	2,600	1,894
Utilities expenses and maintenance of buildings	968	682	2,532	2,571
Communication services	694	734	2,124	1,792
Fines and penalties	682	400	1,577	1,294
Bank services	665	513	1,659	1,380
Transportation services	629	487	1,784	1,698
Professional education and advanced trainings	434	268	1,139	847
Sponsorship and charitable donations	133	4,825	6,636	7,084
Other	14,905	13,421	41,850	41,090
	100,146	94,989	302,471	288,333

26. TRANSPORTATION AND SELLING EXPENSES

<i>In millions of tenge</i>	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Transportation	85,953	107,739	324,410	338,689
Rent tax	33,806	11,060	89,389	30,534
Custom duties	26,601	12,525	76,655	54,147
Depreciation and amortization	4,623	3,948	13,772	11,679
Personnel costs, including social tax and contributions	4,501	4,265	12,996	12,039
Commission fees to agents and advertising	3,844	2,903	10,758	10,058
Rent expenses	1,332	1,582	4,672	3,995
Other	7,862	7,262	22,005	20,138
	168,522	151,284	554,657	481,279

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

27. IMPAIRMENT LOSS

<i>In millions of tenge</i>	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets (Notes 6, 8)	63,309	2,106	83,320	237,375
Impairment/(reversal of impairment) of investments in joint ventures and associates (Note 9)	994	(984)	3,716	49,641
Expected credit losses on other financial assets	574	19	2,366	738
Accrual/(reversal) of expected credit losses on cash and cash equivalents	43	(127)	424	(391)
Reversal of impairment / (impairment) of VAT receivable	(1,716)	296	(3,095)	888
Reversal of expected credit losses on amounts in credit institutions	(1,364)	(351)	(1,766)	(844)
Reversal of expected credit losses on loans issued	(724)	(309)	(396)	(867)
(Reversal of impairment) / impairment of assets held for sale	(2)	443	3,786	310
Other	331	804	717	(1,403)
	61,445	1,897	89,072	285,447

Impairment losses on property, plant and equipment, exploration and evaluation assets and intangible assets were recognised for the following CGUs:

<i>In millions of tenge</i>	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Zhambyl project	59,283	–	59,283	–
CGUs of KMGI	2,986	–	2,986	159,009
Embamunaigas (EMG)	–	–	–	60,440
Other	1,040	2,106	21,051	17,926
	63,309	2,106	83,320	237,375

Zhambyl project

During the nine months ended September 30, 2021 the Group has written off the exploration and evaluation assets in the amount of 59,283 million tenge of Zhambyl project, the subsoil use contract for which was terminated and the contract territory was relinquished to the Government.

CGUs of KMGI

As of September 30, 2020, KMG International N.V. (further KMGI), the Group subsidiary, performed impairment tests of its CGUs. As a result of the test performed, KMGI recognised impairment loss of property, plant and equipment and intangible assets of 152,244 million tenge and 6,765 million tenge, respectively.

On July 2, 2021, an incident occurred at the Petromidia Refinery (further Petromidia), subsidiary of KMGI, that led to fire and resulted in temporarily stoppage of the production until facilities damaged are recovered. KMGI conducted assessments to estimate the incident consequences and recognized impairment loss of property, plant and equipment of Petromidia for the amount of 2,986 million tenge.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

27. IMPAIRMENT LOSS (continued)

EMG CGU

As of September 30, 2020, Embamunaigas (further EMG), subsidiary of KazMunayGas Exploration Production JSC (further KMG EP), carried out an assessment of the recoverable amount of property, plant and equipment and exploration and evaluation assets due to the presence of impairment indicators such as decline in the forecasted oil prices. The result of this assessment indicated that the carrying value of assets exceeded their estimated recoverable amount by 60,440 million tenge, particularly, 44,098 million tenge of property, plant and equipment and 16,342 million tenge of exploration and evaluation assets were impaired in the interim consolidated statement of comprehensive income for the nine months ended September 30, 2020.

For the nine months ended September 30, 2021, no impairment indicators of property, plant and equipment, intangible assets and exploration and evaluation assets were observed.

Other

Also, during the nine months, ended September 30, 2021 the Group partially reduced the contract area at Taisoigan site and, accordingly, wrote off exploration and evaluation expenses in the amount of 19,800 million tenge.

28. FINANCE COSTS

	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<i>In millions of tenge</i>				
Interest on loans and debt securities issued	107,708	115,866	326,295	326,915
Interest on lease liabilities (Note 20)	9,113	7,893	28,994	25,201
Amortization of discount on provisions and other payables	5,123	4,942	15,331	15,160
Revaluation loss on financial assets at fair value through profit/loss	3,912	2,062	7,385	4,570
Interest under oil supply agreement (Note 19)	769	2,697	3,810	11,348
Finance costs for the early redemption of bonds	–	–	–	24,221
Financial guarantees	–	1,158	–	12,853
Other	7,938	9,810	21,397	33,489
	134,563	144,428	403,212	453,757

29. FINANCE INCOME

	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<i>In millions of tenge</i>				
Interest income on amounts due from credit institutions and cash and cash equivalents	20,489	12,130	50,716	45,170
Revaluation gain on financial assets at fair value through profit/loss	17,046	2,800	25,920	5,932
Income from loans and financial assets	10,200	13,994	23,103	33,221
Income from financial guarantees	2,618	1,790	6,406	6,359
Unwinding of discount on long-term receivables	1,275	487	2,526	1,634
Income from realization of financial assets at fair value through profit/loss (Note 11)	1,253	–	1,554	–
Income from subsidized interest rates on financial liabilities	632	358	993	15,106
Discount on liabilities at rates below market (Note 17)	120	383	130	11,915
Other	3,642	3,650	6,543	12,578
	57,275	35,592	117,891	131,915

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

30. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET

<i>In millions of tenge</i>	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Tengizchevroil LLP	104,921	38,724	303,926	108,238
Asian Gas Pipeline LLP	69,812	38,858	190,636	115,424
Mangistau Investments B.V.	20,724	7,439	47,518	12,194
Caspian Pipeline Consortium	17,111	14,149	56,432	54,813
Beineu-Shymkent Pipeline LLP	11,632	4,622	47,805	28,761
KazRosGas LLP	6,585	(4,371)	15,750	(2,903)
AstanaGas KMG JSC	6,135	(3,866)	(1,616)	(11,074)
Valseira Holdings B.V.	6,126	(6,654)	10,677	(10,674)
Kazakhoil Aktobe LLP	4,256	98	6,993	1,738
Kazakhstan – China Pipeline LLP	3,814	618	10,695	4,840
Forum Muider B.V.	3,686	(117)	9,586	7,320
Kazzinc LLP	3,572	32,548	46,538	47,909
“United Transport and Logistics Company – Eurasian Rail Alliance” JSC	2,193	1,890	7,434	5,015
JV Kazgermunai LLP	1,172	1,757	5,271	10,712
JV KATCO LLP	771	8,075	7,656	20,406
“Ulba-TVS” LLP	(327)	(709)	(1,356)	(1,244)
Ural Group Limited BVI	(571)	(2,412)	(5,791)	(7,364)
PetroKazakhstan Inc.	(769)	(1,014)	5,063	6,333
Other	11,294	10,074	19,721	25,518
	272,137	139,709	782,938	415,962

31. INCOME TAX EXPENSES

<i>In millions of tenge</i>	For the three months ended September 30		For the nine months ended September 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Current income tax expenses				
Corporate income tax (“CIT”)	71,948	53,960	225,340	143,715
Withholding tax on dividends and interest income	3,010	4,801	10,273	13,850
Excess profit tax	1	688	39	480
Deferred income tax expense/(benefit)				
Corporate income tax (“CIT”)	17,322	3,960	54,366	(22,559)
Withholding tax on dividends and interest income	15,738	6,536	45,589	16,236
Excess profit tax	(142)	(9)	(153)	3,438
Income tax expenses	107,877	69,936	335,454	155,160

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

32. CONSOLIDATION

Subsidiaries included in these interim condensed consolidated financial statements are presented as follows:

	Main activity	Country of incorporation	Ownership percentage		
			September 30, 2021 (unaudited)	December 31, 2020 (audited)	
1	National Company “KazMunayGas” JSC (“NC KMG”) and subsidiaries	Exploration, production, processing and transportation of oil and gas	Kazakhstan	90.42%	90.42%
2	KMG Kashagan B.V.	Exploration and production of hydrocarbons	Netherlands	95.00%	95.00%
3	National Company “Kazakhstan Temir Zholy” JSC (“NC KTZh”) and subsidiaries	Passenger and cargo transportation	Kazakhstan	100.00%	100.00%
4	National Atomic Company “Kazatomprom” JSC (“NAC KAP”) and subsidiaries	Production and mining of uranium, rare metals	Kazakhstan	75.00%	75.00%
5	Samruk-Energy JSC (“Samruk-Energy”) and subsidiaries	Electricity and heat production	Kazakhstan	100.00%	100.00%
6	Kazakhstan Electricity Grid Operating Company JSC (“KEGOC”) and subsidiaries	Electricity transmission services	Kazakhstan	90.00% + 1	90.00% + 1
7	Kazpost JSC and subsidiaries	Postal and financial activities	Kazakhstan	100.00%	100.00%
8	Kazakhtelecom JSC (“KTC”) and subsidiaries	Telecommunication services	Kazakhstan	52.03%	52.03%
9	Air Astana JSC (“Air Astana”) and subsidiaries	Air transportation	Kazakhstan	51.00%	51.00%
10	Samruk-Kazyna Construction JSC and subsidiaries	Construction and real estate management	Kazakhstan	100.00%	100.00%
11	National Mining Company “Tau-Ken Samruk” and subsidiaries	Exploration, mining and processing of solid minerals	Kazakhstan	100.00%	100.00%
12	United Chemical Company LLP (“UCC”) and subsidiaries	Development and implementation of projects in the chemical industry	Kazakhstan	100.00%	100.00%
13	Samruk-Kazyna Invest LLP and subsidiaries	Investments	Kazakhstan	100.00%	100.00%
14	Samruk-Kazyna Contract LLP	Procurement activities	Kazakhstan	100.00%	100.00%
15	Stantsiya Ekibastuzskaya GRES-2 JSC (“EGRES-2”)	Power generation	Kazakhstan	100.00%	100.00%
16	SK Business Service LLP and subsidiaries	Transformation services, information and IT services	Kazakhstan	100.00%	100.00%
17	Qazaq Air JSC	Air transportation	Kazakhstan	100.00%	100.00%
18	Kazakhstan nuclear electric plants LLP	Servicing companies in the electricity sector	Kazakhstan	100.00%	100.00%
19	KOREM JSC	Electricity market operator	Kazakhstan	–	100.00%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

33. RELATED PARTY DISCLOSURES

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties include key management personnel of the Group, enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the Group’s key management personnel and other entities controlled by the Government. Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

The following table provides the total amount of transactions, which have been entered into with related parties during the nine months ended September 30, 2021 and 2020 and the related balances as at September 30, 2021, and December 31, 2020, respectively:

<i>In millions of tenge</i>		Associates	Joint ventures where the Group is a venturer	Other state- controlled entities
Due from related parties	September 30, 2021	6,288	32,815	35,241
	December 31, 2020	3,008	29,132	22,639
Due to related parties	September 30, 2021	36,087	176,841	10,738
	December 31, 2020	27,742	218,085	9,163
Sale of goods and services	September 30, 2021	167,723	218,818	600,815
	September 30, 2020	90,207	216,210	522,340
Purchase of goods and services	September 30, 2021	147,477	1,221,384	8,151
	September 30, 2020	141,174	826,473	16,596
Other income/(loss)	September 30, 2021	401	3,744	2,046
	September 30, 2020	8,822	31,984	4,520
Cash and cash equivalents, and amounts due from credit institutions	September 30, 2021	–	–	156,757
	December 31, 2020	–	242	262,012
Loans issued	September 30, 2021	14,980	311,067	5,370
	December 31, 2020	17,279	313,509	5,559
Borrowings	September 30, 2021	15,739	4	979,414
	December 31, 2020	14,004	4	1,065,166
Other assets	September 30, 2021	45,541	30,697	194,527
	December 31, 2020	6,833	16,802	158,936
Other liabilities	September 30, 2021	37,240	62,173	54,339
	December 31, 2020	65,329	46,634	39,063
Interest accrued due from related parties	September 30, 2021	2,137	33,276	10,200
	September 30, 2020	4,600	23,319	19,990
Interest accrued due to related parties	September 30, 2021	3,490	2,343	63,047
	September 30, 2020	7,382	349	76,549

As at September 30, 2021 some of the Group’s borrowings in the amount of 42,831 million tenge were guaranteed by the Government of the Republic of Kazakhstan (as at December 31, 2020: 48,121 million tenge).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

33. RELATED PARTY DISCLOSURES (continued)

For the nine months ended September 30, 2021 the total compensation to key management personnel included in personnel costs in the accompanying interim consolidated statement of comprehensive income was equal to 4,502 million tenge (for the nine months ended September 30, 2020: 4,398 million tenge). Compensation to key management personnel consists primarily of contractual salary and performance bonus based on operating results.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amount of the financial instruments of the Group as at September 30, 2021 and December 31, 2020 is a reasonable estimate of their fair value for the following financial instruments:

<i>In millions of tenge</i>	Level 1	Level 2	Level 3	September 30, 2021 (unaudited)
Financial instruments category				
Assets				
Loans issued at fair value through profit and loss	–	–	145,702	145,702
Financial assets measured at fair value through OCI	1,627	32,546	60	34,233
Financial assets at fair value through profit and loss	35,739	15,439	9,510	60,688
Derivative financial assets	–	3,998	2,790	6,788

<i>In millions of tenge</i>	Level 1	Level 2	Level 3	December 31, 2020 (audited)
Financial instruments category				
Assets				
Loans issued at fair value through profit and loss	–	–	138,024	138,024
Financial assets measured at fair value through OCI	8,988	47,779	63	56,830
Financial assets at fair value through profit and loss	34,643	3,897	22,676	61,216
Derivative financial assets	–	97	1,048	1,145

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As at September 30, 2021 and December 31, 2020 the carrying amount of the Group’s financial instruments approximates their fair value except for the following financial instruments:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)				
	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
Financial assets					
Loans issued at amortized cost and finance lease receivables	268,296	289,881	–	21,917	267,964
Amounts due from credit institutions	803,892	824,600	583,363	241,237	–
Financial liabilities					
Borrowings	7,588,356	8,256,711	4,981,242	2,245,317	1,030,152
Loans from the Government of the Republic of Kazakhstan	587,936	386,501	–	386,501	–
Guarantee obligations	47,380	46,876	–	33,951	12,925

<i>In millions of tenge</i>	December 31, 2020 (audited)				
	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
Financial assets					
Loans issued at amortized cost and finance lease receivables	284,212	271,526	–	17,441	254,085
Amounts due from credit institutions	489,572	498,082	335,558	162,524	–
Financial liabilities					
Borrowings	7,459,200	8,370,443	5,246,774	2,217,000	906,669
Loans from the Government of the Republic of Kazakhstan	593,222	416,166	–	416,166	–
Guarantee obligations	53,374	51,693	–	35,972	15,721

The fair value of the above financial instruments has been calculated by discounting the expected future cash flows at prevailing interest rates.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy are shown below:

	Valuation technique	Significant unobservable inputs	Range as of September 30, 2021	Range as of December 31, 2020
Loans issued at amortized cost and finance lease receivables	Discounted cash flow method	Interest/ discount rate	7.6%-15%	7.5-15%
Borrowings			3.5%-13.2%	1.9-13%
Financial guarantee issued			4.9%-12.9%	4.9%-12.4%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

35. COMMITMENTS AND CONTINGENCIES

In addition to the contingent liabilities and commitments disclosed in the Group annual consolidated financial statements of the Group for the year ended December 31, 2020, the following changes have taken place during the nine months ended September 30, 2021:

Cost recovery audits

As at September 30, 2021 the Group’s share in the total disputed amounts of costs is 965,718 million tenge (December 31, 2020: 871,407 million tenge).

Kazakhstan local market obligation

During nine months ended September 30, 2021, in accordance with its obligations, the Group, including joint ventures, delivered 5,320 thousand tons of crude oil (nine months ended September 30, 2020: 4,641 thousand tons) to the Kazakhstan market.

Oil supply commitments

As at September 30, 2021 the Group had commitments under the oil supply agreement in the amount of 8.7 million ton (December 31, 2020: 13.5 million ton).

Commitments under oilfield and mining field licenses and subsurface use contracts

As at September 30, 2021 the Group had following commitments on fulfillment of minimal work programs with respect to the requirements of their oilfield and mining licenses and related subsurface use contracts with the Government (in millions of tenge):

Year	Capital expenditures	Operational expenditures
2021	392,779	136,027
2022	255,022	132,064
2023	194,379	95,206
2024	228,783	95,366
2025-2058	2,866,156	1,566,015
Total	3,937,119	2,024,678

Capital commitments

As at September 30, 2021 the Group, including its joint ventures, had capital commitments of approximately 2,624,116 million tenge related to acquisition and construction of property, plant and equipment (December 31, 2020: 2,479,603 million tenge).

Legal proceedings

The proceedings initiated against Mr. Stati and his related parties related to the arrest of shares KMG Kashagan B.V. belonging to the Fund

The appeal process on the claim of the Fund to challenge the decision of the court of Amsterdam dated January 5, 2018, in accordance with which the restriction on the shares of KMG Kashagan B.V. was preserved

On September 14, 2017 the pre-judgement attachment in respect of the Fund’s rights on management of 50% KMG Kashagan B.V. shares worth 5,2 billion US dollars was imposed with regard to the decision of the Amsterdam Court (the “Pre-judgement Attachment”).

The named Pre-judgement Attachment was imposed as part of the claim for recognition and enforcement of the arbitral award on the matter of Anatolie Stati, Gabriel Stati, Ascom Group SA and Terra Raf Trans Trading Ltd, against the Republic of Kazakhstan issued in 2013 by the Arbitration Tribunal at the Arbitration Institute of the Stockholm Chamber of Commerce.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

35. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings (continued)

The proceedings initiated against Mr. Stati and his related parties related to the arrest of shares KMG Kashagan B.V. belonging to the Fund (continued)

The appeal process on the claim of the Fund to challenge the decision of the court of Amsterdam dated January 5, 2018, in accordance with which the restriction on the shares of KMG Kashagan B.V. was preserved (continued)

On December 18, 2020, the Supreme Court overturned the decision of the Amsterdam Court of Appeal dated May 7, 2019 to maintain the arrest and sent the case to the Court of Appeal in The Hague.

Currently, the Fund makes all necessary arrangements to protect its interest in accordance with the established procedure and will continue to defend its rights and legitimate interests.

The Main process on Mr. Stati's claim, filed on December 7, 2017, in which Mr. Stati asks the court to recognize the Fund as part of the Republic of Kazakhstan and oblige the Fund to comply with the arbitral award

On March 17, 2021, hearings were held on the Main process on Mr. Stati's claim, filed on December 7, 2017, in which Mr. Stati asks the court to recognize the Fund as part of the Republic of Kazakhstan and oblige the Fund to comply with the arbitral award of December 19, 2013.

On April 28, 2021, the District Court of Amsterdam granted the request made by the Fund to postpone the Main Process pending the decision of the Court of Appeal in The Hague to challenge the restriction on the shares of KMG Kashagan B.V.

Currently, the Fund makes all necessary arrangements to protect its interest in accordance with the established procedure and will continue to defend its rights and legitimate interests.

The civil litigation at KMG International N.V. (further – KMGI)

Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, resumed several previous civil filings in 2020, one of which challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital of 2003-2005. The hearings have been held periodically, but, no final decisions were made. On July 13, 2021, the court rejected the complaint of Faber. However, Faber appealed against this decision. Next hearings are scheduled to December, 2021.

The Group believes that its position with regard to the new Faber filing will be sustained similar to the matters resolved in 2020 in favour of the Group, and as such, the Group did not recognize any provisions as of September 30, 2021.

Settlement of the arbitration between KazTransGas JSC (“KTG”) and the partners of the North Caspian project on gas price calculus from the Kashagan field

On February 19, 2021, a decision was issued of the arbitration proceedings on the claim of KTG against the partners of the North Caspian project on gas price calculus from the Kashagan field (Decision). The Decision was issued in favor of KTG. In accordance with the Decision, the parties, within 30 days from the date of its adoption, must make calculations based on the principles established by the Decision and determine the amounts to be paid in favor of KTG, including reimbursement of legal costs.

During the nine months ended September 30, 2021, KTG received from the partners of the North Caspian Project under this Resolution 112,058 million tenge, including VAT (equivalent to 262 million US dollars) and adjusted the cost of purchased gas for resale in the amount of 85,396 million tenge (equivalent to 200 million US dollars), and also recognized fines, penalties and reimbursement of arbitration costs in the total amount of 11,951 million tenge (equivalent to 28 million US dollars) in other income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

36. SEGMENT REPORTING

The following table represents information about profit and loss, assets and liabilities of operating segments of the Group as at September 30, 2021 and for the nine months then ended:

<i>In millions of tenge</i>	Oil and gas	Mining	Trans- portation	Com- munication	Energy	Industrial	Corporate center	Other	Elimination	Total
Revenues from sales to external customers	5,200,850	852,561	1,184,429	461,252	464,417	21,569	37,111	11,239	-	8,233,428
Revenues from sales to other segments	17,345	68	2,959	3,056	109,000	4,258	265,835	18,879	(421,400)	-
Total revenue	5,218,195	852,629	1,187,388	464,308	573,417	25,827	302,946	30,118	(421,400)	8,233,428
Geographical markets										
Kazakhstan	924,603	537,518	1,026,163	447,655	554,115	20,326	302,946	30,118	(421,400)	3,422,044
Other countries	4,293,592	315,111	161,225	16,653	19,302	5,501	-	-	-	4,811,384
Gross profit	1,389,806	118,310	329,759	168,138	151,687	4,981	251,474	14,831	(298,335)	2,130,651
General and administrative expenses	(128,141)	(26,853)	(75,244)	(38,863)	(19,110)	(4,218)	(16,859)	(2,646)	9,463	(302,471)
Transportation and selling expenses	(535,246)	(6,296)	(4,916)	(8,378)	(9,047)	(911)	-	-	10,137	(554,657)
Finance income	86,380	8,318	15,032	5,285	8,827	1,318	17,977	16,610	(41,856)	117,891
Finance costs	(216,640)	(5,087)	(114,501)	(35,907)	(39,919)	(4,457)	(27,251)	(24,756)	65,306	(403,212)
Share in profits/(loss) of joint ventures and associates	702,827	63,667	8,333	-	9,659	(152)	(1,409)	13	-	782,938
Foreign exchange (loss)/gain, net	(3,069)	2,076	(8,890)	1,011	564	(13,815)	12,496	(625)	(333)	(10,585)
Income tax expenses	(227,334)	(23,057)	(31,303)	(24,873)	(21,728)	(83)	(2,241)	(849)	(3,986)	(335,454)
Net profit/(loss) for the period	1,020,315	126,998	126,046	82,294	79,425	(18,703)	230,147	4,776	(266,035)	1,385,263
Other segment information										
Total assets of the segment	17,674,844	2,543,810	4,056,746	1,284,550	1,654,362	1,115,814	7,934,402	358,617	(7,428,038)	29,195,107
Total liabilities of the segment	6,320,769	593,244	2,750,365	613,656	779,149	852,119	1,762,836	217,608	(1,257,371)	12,632,375
Investments in joint ventures and associates	4,770,700	640,606	25,005	-	88,621	5,283	39,820	26	(32,341)	5,537,720

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

36. SEGMENT REPORTING (continued)

The following table represents information about profit and loss of operating segments of the Group for the nine months ended September 30, 2020 and assets and liabilities as at December 31, 2020:

<i>In millions of tenge</i>	Oil and gas	Mining	Transportation	Communication	Energy	Industrial	Corporate center	Other	Elimination	Total
Revenues from sales to external customers	3,537,983	812,015	955,053	409,119	394,097	8,144	29,449	16,885	-	6,162,745
Revenues from sales to other segments	20,141	152	2,848	3,427	87,842	6,121	240,768	7,945	(369,244)	-
Total revenue	3,558,124	812,167	957,901	412,546	481,939	14,265	270,217	24,830	(369,244)	6,162,745
Geographical markets										
Kazakhstan	781,895	469,354	868,978	397,512	464,533	10,241	270,217	24,830	(369,244)	2,918,316
Other countries	2,776,229	342,813	88,923	15,034	17,406	4,024	-	-	-	3,244,429
Gross profit	853,201	189,255	210,744	142,465	123,014	1,630	211,377	12,026	(250,778)	1,492,934
General and administrative expenses	(127,276)	(21,934)	(71,943)	(32,545)	(17,929)	(3,434)	(16,795)	(2,727)	6,250	(288,333)
Transportation and selling expenses	(459,481)	(10,464)	(3,707)	(8,302)	(8,112)	(804)	-	-	9,591	(481,279)
Finance income	87,017	6,740	28,111	5,663	6,525	468	20,924	10,156	(33,689)	131,915
Finance costs	(221,047)	(14,466)	(149,580)	(39,950)	(44,440)	(4,448)	(26,835)	(10,209)	57,218	(453,757)
Share in profits/(loss) of joint ventures and associates	332,560	78,869	7,293	-	7,372	(100)	(10,032)	-	-	415,962
Foreign exchange gain/(loss), net	19,438	13,438	(59,001)	9,923	(5,176)	(36,382)	190,317	1,878	(380)	134,055
Income tax expenses	(62,284)	(47,210)	(3,511)	(18,434)	(15,664)	(83)	(2,874)	(3,391)	(1,709)	(155,160)
Net profit/(loss) for the period	129,180	212,570	(60,886)	60,517	43,445	(45,124)	372,472	7,879	(214,195)	505,858
Other segment information										
Total assets of the segment	16,854,461	2,411,794	3,861,110	1,220,457	1,574,935	804,995	7,738,822	337,307	(7,321,035)	27,482,846
Total liabilities of the segment	6,535,391	377,221	2,701,075	664,364	756,442	609,561	1,696,538	199,447	(1,208,808)	12,331,231
Investments in joint ventures and associates	4,214,205	650,943	21,218	-	79,035	5,273	47,330	13	(32,341)	4,985,676

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

36. SEGMENT REPORTING (continued)

The following tables represents information about profit and loss of operating segments of the Group for the three months ended September 30, 2021 and September 30, 2020:

<i>In millions of tenge</i>	Oil and gas	Mining	Trans- portation	Com- munication	Energy	Industrial	Corporate center	Other	Elimination	Total
Revenues from sales to external customers	1,831,315	299,955	428,325	159,107	156,915	7,003	12,213	3,890	-	2,898,723
Revenues from sales to other segments	3,965	34	828	912	37,341	1,128	10,264	2,635	(57,107)	-
Total revenue	1,835,280	299,989	429,153	160,019	194,256	8,131	22,477	6,525	(57,107)	2,898,723
Geographical markets										
Kazakhstan	312,165	209,853	361,779	154,514	187,628	6,156	22,477	6,525	(57,107)	1,203,990
Other countries	1,523,115	90,136	67,374	5,505	6,628	1,975	-	-	-	1,694,733
Gross profit	434,483	36,500	124,628	58,491	44,633	953	3,374	3,907	(11,395)	695,574
General and administrative expenses	(43,399)	(8,845)	(25,077)	(13,453)	(5,821)	(1,494)	(4,087)	(960)	2,990	(100,146)
Transportation and selling expenses	(161,061)	(2,609)	(1,911)	(2,900)	(2,500)	(211)	-	-	2,670	(168,522)
Finance income	40,246	3,729	6,453	2,054	3,496	482	5,909	6,711	(11,805)	57,275
Finance costs	(71,871)	(1,787)	(37,384)	(11,799)	(13,004)	(1,469)	(11,517)	(8,202)	22,470	(134,563)
Share in profits/(loss) of joint ventures and associates	252,401	6,702	3,245	-	3,627	(52)	6,203	11	-	272,137
Foreign exchange (loss)/gain, net	(2,235)	(847)	3,590	(588)	469	(3,849)	(5,648)	(51)	78	(9,081)
Income tax (expenses)/benefit	(75,458)	(6,534)	(12,733)	(5,817)	(6,045)	(32)	(983)	379	(654)	(107,877)
Net profit/(loss) for the period	325,689	26,537	60,930	26,723	22,898	(6,175)	(7,763)	3,832	4,407	457,078

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

36. SEGMENT REPORTING (continued)

<i>In millions of tenge</i>	Oil and gas	Mining	Trans- portation	Com- munication	Energy	Industrial	Corporate center	Other	Elimination	Total
Revenues from sales to external customers	1,151,520	395,896	338,049	145,586	130,131	2,785	10,017	4,048	-	2,178,032
Revenues from sales to other segments	4,347	57	1,092	1,062	31,969	1,385	12,539	2,839	(55,290)	-
Total revenue	1,155,867	395,953	339,141	146,648	162,100	4,170	22,556	6,887	(55,290)	2,178,032
Geographical markets										
Kazakhstan	237,378	197,240	312,836	140,675	157,740	2,806	22,556	6,887	(55,290)	1,022,828
Other countries	918,489	198,713	26,305	5,973	4,360	1,364	-	-	-	1,155,204
Gross profit	306,553	118,052	92,241	56,080	32,102	240	(56)	3,829	(14,745)	594,296
General and administrative expenses	(39,402)	(9,116)	(23,423)	(10,867)	(4,769)	(987)	(7,697)	(945)	2,217	(94,989)
Transportation and selling expenses	(142,199)	(5,476)	(1,024)	(2,656)	(2,291)	(261)	-	-	2,623	(151,284)
Finance income	23,187	1,781	3,756	2,141	2,480	163	7,060	5,034	(10,010)	35,592
Finance costs	(72,030)	(6,854)	(41,144)	(13,712)	(16,323)	(1,464)	(8,681)	(4,373)	20,153	(144,428)
Share in profits/(loss) of joint ventures and associates	96,871	44,891	1,789	-	(95)	(29)	(3,718)	-	-	139,709
Foreign exchange gain/(loss), net	1,452	7,069	(36,431)	7,767	(3,487)	(21,409)	106,594	621	(510)	61,666
Income tax expenses	(30,736)	(23,981)	(2,634)	(6,442)	(3,079)	(31)	(1,128)	(1,179)	(726)	(69,936)
Net profit/(loss) for the period	118,480	125,866	(16,964)	32,539	5,191	(24,290)	93,674	3,608	(1,810)	336,294

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

37. SUBSEQUENT EVENTS

Dividends received from joint ventures

On November 23, 2021, the Group received dividends from KazRosGas, the joint venture, of 45,532 million tenge.

On October 20, 2021, the Group received dividends from the joint venture Kazakhoil-Aktobe LLP in the amount of 2,000 million tenge.

Proceeds from sale of joint venture

On October 18, 2021, the Group received the residual amount for sale of 50% shares in JV Caspi Bitum LLP in the amount of 28 million US dollars (equivalent to 12,053 million tenge).

Disposal of interest in a subsidiary that does not result in the loss of control

On October 4, 2021, the Group received cash from sale of 24% share in Kcell JSC in the amount of 55,280 million tenge.

Acquisition of financial assets

In October 2021, the Group acquired 49% interests in Agrofirma Dinara Ranch LLP of 4,934 million tenge and AGRO-FOOD LLP of 6,771 million tenge.