

“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Interim condensed consolidated financial statements (unaudited)

As at March 31, 2022 and for the three months then ended

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In millions of tenge</i>	Note	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Assets			
Non-current assets			
Property, plant and equipment	4	14,590,127	14,264,058
Intangible assets	5	2,041,401	2,004,032
Exploration and evaluation assets	6	297,123	278,949
Investment property		35,302	37,014
Investments in joint ventures and associates	7	6,259,866	5,681,234
Loans issued and finance lease receivables	8	363,448	357,413
Amounts due from credit institutions	9	100,242	104,803
Deferred tax assets		82,287	69,148
Other non-current financial assets	10	698,607	667,832
Other non-current assets	11	614,466	578,190
		25,082,869	24,042,673
Current assets			
Inventories	12	803,106	728,897
VAT receivable		181,821	168,889
Income tax prepaid		64,011	55,513
Trade accounts receivable	13	1,239,992	1,024,892
Loans issued and finance lease receivables	8	60,638	46,703
Amounts due from credit institutions	9	869,480	671,859
Other current financial assets	10	359,304	506,895
Other current assets	13	237,333	209,986
Cash and cash equivalents	14	3,078,614	2,810,730
		6,894,299	6,224,364
Assets classified as held for sale or distribution to the Shareholder		41,963	42,721
		6,936,262	6,267,085
Total assets		32,019,131	30,309,758

The explanatory notes on pages 9 through 38 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	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Equity and liabilities			
Equity attributable to equity holder of the Parent			
Share capital		5,268,580	5,268,580
Currency translation reserve		2,390,183	1,894,545
Revaluation reserve of investments at fair value through other comprehensive income		31,008	32,694
Hedging reserve		(4,160)	(48,906)
Other capital reserves		(16,984)	(16,984)
Retained earnings		8,540,853	8,125,704
		16,209,480	15,255,633
Non-controlling interest		1,936,414	1,917,459
Total equity		18,145,894	17,173,092
Non-current liabilities			
Borrowings	16	7,191,642	6,908,483
Loans from the Government of the Republic of Kazakhstan	17	578,373	569,105
Lease liabilities		389,619	379,985
Provisions		434,067	442,394
Deferred tax liabilities		1,490,649	1,333,617
Employee benefit liabilities		123,083	125,455
Other non-current liabilities		194,843	187,843
		10,402,276	9,946,882
Current liabilities			
Borrowings	16	881,514	954,209
Loans from the Government of the Republic of Kazakhstan	17	14,568	10,264
Lease liabilities		131,451	129,676
Provisions		114,312	100,348
Employee benefit liabilities		14,301	14,981
Income taxes payable		26,499	16,766
Trade and other payables	18	1,344,667	1,118,055
Other current liabilities	18	943,649	845,485
		3,470,961	3,189,784
Liabilities associated with assets classified as held for sale or distribution to the Shareholder		-	-
		3,470,961	3,189,784
Total liabilities		13,873,237	13,136,666
Total equity and liabilities		32,019,131	30,309,758

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



Nargiza Nurbayeva

Chief accountant

Amaz Abdрахманова

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of tenge</i>	Note	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Revenue	19	3,511,011	2,412,021
Government grants		7,642	6,183
		3,518,653	2,418,204
Cost of sales	20	(2,859,606)	(1,781,334)
Gross profit		659,047	636,870
General and administrative expenses	21	(102,277)	(95,762)
Transportation and selling expenses	22	(200,178)	(191,724)
Reversal of impairment loss/(impairment loss), net	23	478	(20,099)
Operating profit		357,070	329,285
Finance income	24	44,511	26,699
Finance costs	25	(168,762)	(133,805)
Other non-operating loss		(15,887)	(9,347)
Other non-operating income		15,293	20,297
Share in profit of joint ventures and associates, net	26	383,956	238,327
Net foreign exchange gain, net		45,056	16,101
Profit before income tax		661,237	487,557
Income tax expenses	27	(189,673)	(93,766)
Net profit for the period		471,564	393,791
Net profit for the period attributable to:			
Equity holder of the Parent		414,074	350,478
Non-controlling interest		57,490	43,313
		471,564	393,791

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In millions of tenge</i>	Note	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations	15.2	567,760	53,868
Unrealized loss from revaluation investments at fair value through other comprehensive income		(2,178)	(31)
Share of the other comprehensive income of associates and joint ventures	7	2,509	209
Gain on transactions with hedge instruments		44,889	4,957
Net realized (loss)/gain on investments at fair value through other comprehensive income		(620)	307
Tax effect on comprehensive income components		(37,006)	(4,365)
Other comprehensive gain to be reclassified to profit or loss in subsequent periods		575,354	54,945
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Share of the other comprehensive income of associates and joint ventures	7	131	53
Actuarial gain on defined benefit plans		3,138	791
Tax effect on comprehensive income components		(130)	(20)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		3,139	824
Other comprehensive income for the period, net of tax		578,493	55,769
Total comprehensive income for the period, net of tax		1,050,057	449,560
Total comprehensive income for the period, attributable to:			
Equity holder of the Parent		954,412	401,548
Non-controlling interest		95,645	48,012
		1,050,057	449,560

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



Nazira Nurbayeva



Chief accountant

Abdrazak Abdрахманова

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In millions of tenge</i>	Note	Attributable to the equity holder of the Parent							Total
		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	
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		-	-	-	-	-	350,478	43,313	393,791
Other comprehensive income for the period		-	290	45,989	4,352	-	439	4,699	55,769
Total comprehensive income for the period		-	290	45,989	4,352	-	350,917	48,012	449,560
Issue of shares		-	-	-	-	-	-	-	192
Dividends		-	-	-	-	-	-	(19,996)	(19,996)
Other distributions to the Shareholder		-	-	-	-	-	4	-	4
Disposal of subsidiaries		-	-	-	-	-	-	-	-
Other equity movements		-	-	103	(103)	-	-	849	849
Balance as at March 31, 2021 (unaudited)		5,258,657	31,754	1,809,591	(56,167)	(16,984)	6,853,465	1,701,908	15,582,224

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

In millions of tenge	Note	Attributable to the equity holder of the Parent							Total	Non-controlling interest	Total
		Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Currency translation reserve	Hedging reserve	Other capital reserves	Retained earnings	Total			
Balance as at December 31, 2021 (audited)		5,268,580	32,694	1,894,545	(48,906)	(16,984)	8,125,704	15,255,633	1,917,459	17,173,092	
Net profit for the period		-	-	-	-	-	-	-	-	-	
Other comprehensive (loss)/income for the period		-	(1,686)	495,488	44,896	-	414,074	414,074	57,490	471,564	
Total comprehensive (loss)/income for the period		-	(1,686)	495,488	44,896	-	1,640	540,338	38,155	578,493	
Dividends	15.1	-	-	-	-	-	-	-	(76,690)	(76,690)	
Other distributions to the Shareholder		-	-	-	-	-	(487)	(487)	-	(487)	
Discount on loans from the Government	17	-	-	-	-	-	(78)	(78)	-	(78)	
Other equity movements		-	-	150	(150)	-	-	-	-	-	
Balance as at March 31, 2022 (unaudited)		5,268,580	31,008	2,390,183	(4,160)	(16,984)	8,540,853	16,209,480	1,936,414	18,145,894	

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



Almira Nurbayeva

Chief accountant

Almaz Abaykhanova

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of tenge</i>	Note	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited) (restated)*
Cash flows from operating activities			
Receipts from customers		3,676,879	2,480,024
Payments to suppliers		(2,192,455)	(1,468,339)
Payments to employees		(315,953)	(253,286)
Other taxes and payments		(437,381)	(361,372)
Operations with financial instruments (the Fund and Kazpost)		5,654	6,066
Short-term lease payments and variable lease payments		(18,854)	(9,159)
Other payments		(59,853)	(13,738)
Return of VAT from the budget		17,222	98,467
Income taxes paid		(98,008)	(46,367)
Interest paid		(76,393)	(67,640)
Interest received		29,293	17,204
Net cash flows received from operating activities		530,151	381,860
Cash flows from investing activities			
Acquisition of property, plant and equipment, exploration and evaluation assets, and other non-current assets		(264,775)	(283,766)
Acquisition of intangible assets		(6,914)	(7,682)
Proceeds from sale of property, plant and equipment		958	28,129
Proceeds from sale of other non-current assets		721	639
Additional contributions to share capital of joint ventures and associates without change in ownership	7	(125)	(1,716)
Dividends received from joint ventures and associates	7	52,258	380
(Issuance)/redemption of bank deposits, net		(152,705)	13,778
Loans issued		(1,463)	(1,671)
Repayment of loans issued		841	1,486
Proceeds from sale of subsidiaries, net of cash of disposed subsidiaries		-	14
Sale and acquisition of joint ventures and associates		294	-
Purchase of debt instruments		(202,902)	(51,497)
Proceeds from sale/repayment by issuers of debt instruments		265,281	106,623
Other (payments)/receipts		(19,607)	2,817
Net cash flows used in investing activities		(328,138)	(192,466)

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In millions of tenge</i>	Note	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited) (restated)*
Cash flows from financing activities			
Proceeds from borrowings	16	271,792	301,872
Repayment of borrowings		(275,200)	(304,844)
Repayment of lease liabilities		(32,321)	(23,316)
Distributions to the Shareholder		(485)	(18,596)
Contributions by non-controlling interest		-	192
Dividends paid to non-controlling interest of subsidiaries	15.1	(27,744)	-
Other payments		(218)	(61)
Net cash flows used in financing activities		(64,176)	(44,753)
Net increase in cash and cash equivalents		137,837	144,641
Effects of exchange rate changes on cash and cash equivalents		129,869	9,858
Changes in cash and cash equivalents disclosed as part of assets classified as held for sale		-	267
Change in allowance for expected credit losses		178	(69)
Cash and cash equivalents at the beginning of the year		2,810,730	2,227,669
Cash and cash equivalents at the end of the period	14	3,078,614	2,382,366

* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three months ended March 31, 2021 and reflect adjustments made, refer to Note 2.

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



Naura Nurbayeva

Chief accountant



Abnaz Abdrakhmanova

The explanatory notes on pages 9 through 38 form an integral part of these interim condensed consolidated financial statements (unaudited).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

For the three months ended March 31, 2022

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 28* (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 32*):

- Oil-and-gas and petrochemical segment includes operations related to exploration and production of oil and gas, transportation of oil and gas, refining and trading of crude oil, gas and refined products, and production of oil-and-gas and petrochemical 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 Syganak str., Nur-Sultan, the Republic of Kazakhstan.

These interim condensed consolidated financial statements were authorised for issue by the Managing Director for Economy and Finance – Member of the Management Board and Chief accountant of the Fund on June 17, 2022.

Privatization plan

On April 30, 2014 the Government approved the initial Privatization Plan for 2014-2016. On December 30, 2015 the Government approved the new 2016-2020 Complex Privatization Plan (replacing previous 2014-2016 Privatization Plan) and the list of all state owned assets to be privatized, including certain Fund subsidiaries. On December 29, 2020, by the Resolution of the Government of the Republic of Kazakhstan No. 908 *On Some Issues of Privatization for 2021-2025*, a new comprehensive Privatization Plan for 2021-2025 was approved (hereinafter – the “Privatization Plan”), which includes a new list of state owned organizations and assets of the Fund’s group to be privatized and transferred to a competitive environment.

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

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements for the three months ended March 31, 2022 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, 2021.

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.

Restatement affecting comparative information

Changes in presentation of the interim consolidated statement of cash flows

Certain amounts in the interim consolidated statement of cash flows for the three months ended March 31, 2021, have been reclassified in accordance with the presentation adopted in consolidated financial statements for 2021. The Group changed the presentation of its interim condensed consolidated financial statements as the new presentation provides information that is more relevant to users of the interim condensed consolidated financial statements.

Effect of reclassifications on the interim consolidated statement of cash flows for the three months ended March 31, 2021:

<i>In millions of tenge</i>	For the three months ended March 31, 2021 (unaudited) (as previously reported)	Reclassification	For the three months ended March 31, 2021 (unaudited) (as restated)
Cash flows from investing activities			
Proceeds from sale of debt instruments	70,505	70,505	–
Proceeds from sale/repayment by issuers of debt instruments	–	106,623	106,623
Other receipts	38,935	(36,118)	2,817
Net cash flows used in investing activities	(192,466)	–	(192,466)

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 months ended March 31, 2022 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)

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 the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each 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 currency exchange rates to tenge:

	March 31, 2022	December 31, 2021	Weighted average for the three months ended March 31, 2022	Weighted average for the three months ended March 31, 2021	June 17, 2022
United States dollar (“USD”)	466.31	431.80	457.41	419.94	446.87
Euro (“EUR”)	517.98	489.10	512.8	506.31	469.97
Russian ruble (“RUR”)	5.7	5.76	5.33	5.64	7.91

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

The impact of COVID-19 and the current economic environment on the basis of preparation of this interim consolidated condensed financial statements has been considered. The Group continues to consider it appropriate to adopt the going concern basis of accounting in preparing this 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, 2021. As at March 31, 2022, the Group analyzed and determined that all judgments and estimates used and disclosed in the consolidated financial statements for the year ended December 31, 2021 remain applicable. No new significant accounting judgments or estimates have been identified.

Renegotiation of loans in the context of IBOR reform

In the context of IBOR reform, some financial instruments have already been amended or will be amended as they transition from IBORs to risk free rates (further RFR). In addition to the interest rate of a financial instrument changing, there may be other changes made to the terms of the financial instrument at the time of transition. For financial instruments measured at amortised cost, the Group first applies 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.

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

2. BASIS OF PREPARATION (continued)

Renegotiation of loans in the context of IBOR reform (continued)

Second, for any changes not covered by the practical expedient, the Group applies judgement to assess whether the changes are substantial and if they are, the financial instrument is derecognized and a new financial instrument is recognized. If the changes are not substantial, the Group adjusts the gross carrying amount of the financial instrument by the present value of the changes not covered by the practical expedient, discounted using the revised effective interest rate.

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, 2021, except for the adoption of new standards and interpretations effective as of January 1, 2022. 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 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no onerous contracts identified.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group’s financial instruments during the period.

The Group intends to apply the amendments in the future periods if they become applicable.

3. 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.

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

4. PROPERTY, PLANT AND EQUIPMENT

<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
Net book value at January 1, 2022 (audited)	4,497,010	1,969,154	1,149,430	1,209,907	3,503,068	174,789	194,451	1,566,249	14,264,058
Foreign currency translation	309,962	26,145	8,973	(8)	30,239	-	8,305	10,573	394,189
Changes in estimates	(24,173)	(2,779)	-	-	77	(23)	-	-	(26,898)
Additions	1,866	114	611	174	8,801	8,041	478	174,945	195,030
Additions through lease agreements	-	21	5,846	-	6,202	-	1,664	-	13,733
Capitalized repair works on right-of-use assets	-	-	-	-	1,432	-	-	-	1,432
Lease modifications	-	-	(571)	-	365	-	216	-	10
Disposals	(5,721)	(379)	(789)	(18)	(8,438)	(3,313)	(563)	(180)	(19,401)
Depreciation charge	(80,512)	(35,884)	(18,164)	(9,864)	(92,408)	(8,051)	(5,127)	-	(250,010)
Depreciation and impairment on disposals	5,131	309	532	13	8,156	-	490	131	14,762
(Impairment)/reversal of impairment, net (<i>Note 23</i>)	-	-	7	32	(51)	-	3	59	50
Transfer from/(to) assets classified as held for sale, net	-	-	422	-	(63)	-	27	-	386
Transfers from/(to) intangible assets, net (<i>Note 5</i>)	(580)	-	-	-	-	-	-	(151)	(731)
Transfers from investment property	-	-	1,552	-	-	-	-	-	1,552
Transfer from/(to) inventories, net	1	(54)	-	(101)	(42)	2,115	25	21	1,965
Other transfers and reclassifications	32,564	4,293	4,416	25,212	55,935	-	1,416	(123,836)	-
Net book value at March 31, 2022 (unaudited)	4,735,548	1,960,940	1,152,265	1,225,347	3,513,273	173,558	201,385	1,627,811	14,590,127
Historical cost	6,946,795	3,898,049	1,854,154	1,540,522	6,372,822	392,786	406,464	1,723,296	23,134,888
Accumulated depreciation and impairment	(2,211,247)	(1,937,109)	(701,889)	(315,175)	(2,859,549)	(219,228)	(205,079)	(95,485)	(8,544,761)
Net book value at March 31, 2022 (unaudited)	4,735,548	1,960,940	1,152,265	1,225,347	3,513,273	173,558	201,385	1,627,811	14,590,127
Historical cost	6,536,027	3,781,994	1,817,250	1,516,829	6,319,236	385,966	387,546	1,661,461	22,406,309
Accumulated depreciation and impairment	(2,039,017)	(1,812,840)	(667,820)	(306,922)	(2,816,168)	(211,177)	(193,095)	(95,212)	(8,142,251)
Net book value at December 31, 2021 (audited)	4,497,010	1,969,154	1,149,430	1,209,907	3,503,068	174,789	194,451	1,566,249	14,264,058

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

4. 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	Construction in progress	Total
<i>Including right-of-use assets under lease agreements</i>									
Net book value at January 1, 2022 (audited)	27,595	6,175	62,105	-	393,227	-	26,543	-	515,645
Foreign currency translation	2,175	460	402	-	23,054	-	2,052	-	28,143
Additions through lease agreements	-	21	5,846	-	6,202	-	1,664	-	13,733
Capitalized repair works on right-of-use assets	-	-	-	-	1,432	-	-	-	1,432
Lease modifications	-	-	(571)	-	365	-	216	-	10
Disposals	-	-	(121)	-	(980)	-	(13)	-	(1,114)
Depreciation charge	(1,538)	(93)	(4,367)	-	(18,853)	-	(791)	-	(25,642)
Depreciation and impairment on disposals	-	-	50	-	980	-	12	-	1,042
Net book value at March 31, 2022 (unaudited)	28,232	6,563	63,344	-	405,427	-	29,683	-	533,249
Historical cost of right-of-use assets under lease agreements	42,230	39,702	116,873	-	679,371	-	41,024	-	919,200
Accumulated depreciation and impairment of right-of-use assets under lease agreements	(13,998)	(33,139)	(53,529)	-	(273,944)	-	(11,341)	-	(385,951)
Net book value at March 31, 2022 (unaudited)	28,232	6,563	63,344	-	405,427	-	29,683	-	533,249
Historical cost of right-of-use assets under lease agreements	39,203	39,146	110,231	-	680,191	-	36,413	-	905,184
Accumulated depreciation and impairment of right-of-use assets under lease agreements	(11,608)	(32,971)	(48,126)	-	(286,964)	-	(9,870)	-	(389,539)
Net book value at December 31, 2021 (audited)	27,595	6,175	62,105	-	393,227	-	26,543	-	515,645

As at March 31, 2022 property, plant and equipment with net book value of 897,561 million tenge was pledged as collateral for some of the Group’s borrowings (December 31, 2021: 898,485 million tenge).

As at March 31, 2022 the cost of fully amortised property, plant and equipment of the Group was equal to 1,261,757 million tenge (December 31, 2021: 1,228,077 million tenge).

For the three months ended March 31, 2022 the Group capitalized borrowing costs at an average interest rate of 3.01% in the amount of 15,184 million tenge (*Note 16*) (for the three months ended March 31, 2021: at an average interest rate of 2.35% in the amount of 8,749 million).

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

5. INTANGIBLE ASSETS

<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, 2022 (audited)	692,157	815,857	316,265	25,467	74,465	79,821	2,004,032
Foreign currency translation	40,534	16,088	903	2,035	473	1,023	61,056
Additions	507	298	-	-	1,824	1,656	4,285
Disposals	(947)	-	-	-	(2,097)	(125)	(3,169)
Amortization charge	(11,614)	(9,207)	-	-	(6,195)	(1,098)	(28,114)
Accumulated amortization on disposals	947	-	-	-	2,097	-	3,044
(Impairment)/reversal of impairment, net (<i>Note 23</i>)	1	-	-	-	-	(465)	(464)
Transfers from/(to) property, plant and equipment, net (<i>Note 4</i>)	2	580	-	-	637	(488)	731
Other transfers and reclassifications	20	(12)	-	-	1,302	(1,310)	-
Net book value at							
March 31, 2022 (unaudited)	721,607	823,604	317,168	27,502	72,506	79,014	2,041,401
Historical cost	945,884	977,267	432,373	70,595	227,160	163,154	2,816,433
Accumulated amortization and impairment	(224,277)	(153,663)	(115,205)	(43,093)	(154,654)	(84,140)	(775,032)
Net book value at							
March 31, 2022 (unaudited)	721,607	823,604	317,168	27,502	72,506	79,014	2,041,401
Historical cost	894,480	957,749	431,470	65,371	222,313	158,331	2,729,714
Accumulated amortization and impairment	(202,323)	(141,892)	(115,205)	(39,904)	(147,848)	(78,510)	(725,682)
Net book value at							
December 31, 2021 (audited)	692,157	815,857	316,265	25,467	74,465	79,821	2,004,032

6. 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, 2022 (audited)	262,773	16,176	278,949
Foreign currency translation	15,305	-	15,305
Additions	2,864	5	2,869
Disposals	-	(173)	(173)
Depreciation and impairment on disposals	-	173	173
Net book value at March 31, 2022 (unaudited)	280,942	16,181	297,123
Historical cost	302,196	19,386	321,582
Accumulated impairment	(21,254)	(3,205)	(24,459)
Net book value at March 31, 2022 (unaudited)	280,942	16,181	297,123
Historical cost	284,201	19,381	303,582
Accumulated impairment	(21,428)	(3,205)	(24,633)
Net book value at December 31, 2021 (audited)	262,773	16,176	278,949

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

7. 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	March 31, 2022		December 31, 2021	
			Carrying amount	Percentage ownership	Carrying amount	Percentage ownership
Joint ventures						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	3,557,942	20.00%	3,105,942	20.00%
Asia Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	569,521	50.00%	504,807	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	213,834	50.00%	200,338	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	199,858	50.00%	207,410	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	61,355	50.00%	54,317	50.00%
Forum Muider B.V.	Production and sale of coal	Kazakhstan	56,277	50.00%	53,747	50.00%
Ural Group Limited BVI	Oil and gas exploration and production	Kazakhstan	45,289	50.00%	41,453	50.00%
Kazakhstan-China Pipeline LLP	Oil transportation	Kazakhstan	28,037	50.00%	25,355	50.00%
AstanaGaz KMG JSC	Gas pipeline construction	Kazakhstan	27,699	50.00%	27,698	50.00%
Kazakhoil Aktobe LLP	Production and sale of crude oil	Kazakhstan	27,669	50.00%	25,262	50.00%
Other			109,244		129,263	
Total joint ventures			4,896,725		4,375,592	
Associates						
Caspian Pipeline Consortium JSC	Transportation of liquid hydrocarbons	Kazakhstan/Russia	534,798	20.75%	473,880	20.75%
Kazzinc LLP	Mining and processing of metal ores, production of refined metals	Kazakhstan	522,573	29.82%	548,879	29.82%
PetroKazakhstan Inc. (“PKI”)	Exploration, production and processing of oil and gas	Kazakhstan	92,729	33.00%	84,905	33.00%
JV KATCO LLP	Exploration, production, processing and export of uranium	Kazakhstan	90,183	49.00%	85,123	49.00%
Other			122,858		112,855	
Total associates			1,363,141		1,305,642	
			6,259,866		5,681,234	

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

7. 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 (audited)	5,681,234
Share in profit of joint ventures and associates, net (Note 26)	383,956
Foreign currency translation	352,686
Additional contributions without change in ownership	125
Discount on loans issued	326
Other comprehensive income, other than foreign currency translation	2,640
Dividends received	(52,258)
Change in dividends receivable	(106,859)
Impairment, net (Note 23)	(1,582)
Elimination and translation*	(402)
Balance as at March 31, 2022 (unaudited)	6,259,866

* Elimination and translation represent unrealized income from sale of inventory from joint ventures to Group and capitalized borrowing costs on the loans provided by the Group to joint ventures.

8. LOANS ISSUED AND FINANCE LEASE RECEIVABLES

Loans issued and finance lease receivables comprised the following:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Loans issued at amortized cost	250,763	238,186
Loans issued at fair value through profit or loss	133,658	123,161
Finance lease receivables	59,051	62,003
Total loans and finance lease receivables	443,472	423,350
Less: allowance for expected credit losses	(19,386)	(19,234)
Loans issued and finance lease receivables, net	424,086	404,116
Less: current portion	(60,638)	(46,703)
Non-current portion	363,448	357,413

The components of finance lease receivables are as follows:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Within one year	13,253	13,781
Later than one year, but not later than five years	35,596	36,952
After five years	41,775	45,055
Lease payments	90,624	95,788
Less: unearned finance income	(31,573)	(33,785)
Net investment in finance leases	59,051	62,003

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

9. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprised the following:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Bank deposits	891,442	694,517
Loans to credit institutions	79,464	83,585
Less: allowance for expected credit losses	(1,184)	(1,440)
Amounts due from credit institutions, net	969,722	776,662
Less: current portion	(869,480)	(671,859)
Non-current portion	100,242	104,803

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Rating from A+(A1) to A-(A3)	557,300	340,907
Rating from BBB+(Baa1) to BBB(Baa2)	94,032	103,874
Rating from BBB-(Baa3) to BB-(Ba3)	257,524	271,091
Rating from B+(B1) to B-(B3)	60,529	60,790
Rating is not available	337	-
	969,722	776,662

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	Weighted average interest rate	December 31, 2021 (audited)	Weighted average interest rate
Amounts due from credit institutions, denominated in US dollars	854,227	0.51%	646,484	0.35%
Amounts due from credit institutions, denominated in tenge	115,495	5.58%	130,177	5.66%
Amounts due from credit institutions, denominated in other currencies	-	-	1	4%
	969,722		776,662	

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

10. OTHER FINANCIAL ASSETS

Other financial assets comprised the following:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Financial assets at fair value through other comprehensive income (OCI), including:	24,623	21,935
Bonds of Kazakhstani financial institutions	15,398	11,662
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	7,562	8,615
Treasury notes of foreign governments	942	904
Corporate bonds	661	694
Equity securities	60	60
Financial assets at amortized cost, including:	879,458	1,016,884
Bonds of Kazakhstani financial institutions	353,318	343,307
Corporate bonds	111,142	114,685
Notes of the National Bank of the Republic of Kazakhstan	30,766	96,393
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	4,735	–
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	2,034	1,869
Other financial assets at amortized cost, including:		
- Restricted cash	217,222	183,044
- Other accounts receivable	162,912	122,136
- Dividends receivable	113,761	6,685
- Amounts due from employees	9,742	10,447
- Reservation of cash for repayment of borrowings (Note 16)	–	259,459
- Other	10,247	11,507
Less: allowance for expected credit losses	(136,421)	(132,648)
Financial assets at fair value through profit or loss, including:	153,830	135,908
Equity securities	115,701	106,197
Forward and futures contracts	13,505	10,965
Guaranteed returns from a shareholder of a joint venture	12,507	11,750
Options	8,209	3,188
Corporate bonds	3,076	2,993
Bonds of Kazakhstani financial institutions	832	815
Total financial assets	1,057,911	1,174,727
Less: current portion	(359,304)	(506,895)
Non-current portion	698,607	667,832

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

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Financial assets, denominated in tenge	783,675	742,117
Financial assets, denominated in US dollars	217,226	387,042
Financial assets, denominated in euro	23,236	24,804
Financial assets, denominated in rubles	13	12
Financial assets, denominated in other currency	12,047	6,599
	1,036,197	1,160,574

Restricted cash includes payments made on March 31, 2022, to a supplier in the amount of 15,074 million tenge whose bank account was subsequently included in the list of legal entities that fell under U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) sanctions. As the funds had not cleared the intermediary financial institution prior to the imposition of the sanctions, the amount paid will be returned to the Group.

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

11. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Advances paid for non-current assets	364,309	361,269
Long-term VAT receivable	204,071	180,022
Long-term inventories	55,648	54,655
Prepaid expenses	20,602	19,300
Other	25,850	21,598
Less: impairment allowance	(56,014)	(58,654)
	614,466	578,190

12. INVENTORIES

Inventories comprised the following:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Uranium products (at lower of cost and net realizable value)	243,706	221,613
Crude oil (at cost)	79,868	62,326
Work in progress (at lower of cost and net realizable value)	77,306	57,477
Oil refined products for sale (at lower of cost and net realizable value)	71,726	89,725
Production materials and supplies (at lower of cost and net realizable value)	69,784	65,354
Goods for resale (at lower of cost and net realizable value)	41,175	34,193
Oil and gas industry materials and supplies (at cost)	38,271	34,437
Fuel (at lower of cost and net realizable value)	30,869	24,089
Railway industry materials and supplies (at cost)	19,058	17,300
Gas processed products (at cost)	17,891	34,538
Aircraft spare parts (at cost)	16,271	14,744
Uranium industry materials and supplies (at lower of cost and net realizable value)	10,658	3,828
Electric transmission equipment spare parts (at cost)	5,842	5,499
Telecommunication equipment spare parts (at cost)	2,076	2,069
Other materials and supplies (at lower of cost and net realizable value)	78,605	61,705
	803,106	728,897

13. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

Trade accounts receivable comprised the following:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Trade accounts receivable	1,295,427	1,074,650
Less: allowance for expected credit losses	(55,435)	(49,758)
	1,239,992	1,024,892

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

13. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS (continued)

Other current assets comprised the following:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Advances paid and deferred expenses	131,323	114,163
Other prepaid taxes	98,894	86,740
Other non-financial current assets	19,820	21,930
Less: impairment allowance	(12,704)	(12,847)
	237,333	209,986

As at March 31, 2022 the Group’s receivables of 178,849 million tenge were pledged under certain Group borrowings (December 31, 2021: 131,120 million tenge).

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Bank deposits – US dollars	954,862	999,449
Bank deposits – tenge	597,572	661,752
Bank deposits – other currency	6,807	32,941
Current accounts with banks – US dollars	951,355	690,971
Current accounts with banks – tenge	279,541	221,834
Current accounts with banks – other currency	31,134	34,709
Reverse repurchase agreements and other treasury securities with contractual maturity of three months or less	203,350	141,035
Cash in transit	41,771	2,290
Cash on hand	10,721	7,403
Balances on brokerage accounts payable on demand	2,171	19,193
Less: allowance for expected credit losses	(670)	(847)
	3,078,614	2,810,730

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 March 31, 2022 the weighted average interest rates for short-term bank deposits were 10.62% in tenge, 0.4% in US dollars, 0.03% in other currency; and current accounts were 0.96% in tenge, 0.21% in US dollars, 1.03% in other currency, respectively (as at December 31, 2021: for short-term bank deposits were 8.34% in tenge, 0.26% in US dollars, 5.07% in other currency; and current accounts were 0.7% in tenge, 0.26% in US dollars, 0.46% in other currency, respectively).

15. EQUITY

15.1 Dividends

Dividends attributable to non-controlling interest

During the three months ended March 31, 2022, the Group declared dividends of 76,690 million tenge to the holders of non-controlling interest in National Atomic Company “Kazatomprom” JSC (“NAC KAP”). Total amount of dividends paid to the holders of non-controlling interest during the six months ended March 31, 2022, equaled 27,744 million tenge.

15.2 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 three months ended March 31, 2022, foreign translation difference amounted to 815,940 million tenge.

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

15. EQUITY (continued)

15.2 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. As at March 31, 2022, unrealized foreign currency loss of 248,180 million tenge resulting from translation of these borrowings were transferred to currency translation reserve recognized in other comprehensive income.

15.3 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>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Total assets	32,019,131	30,309,758
Less: intangible assets	(2,041,401)	(2,004,032)
Less: total liabilities	(13,873,237)	(13,136,666)
Net assets for common shares	16,104,493	15,169,060
Number of common shares as at reporting date	3,481,961,408	3,481,961,408
Book value per common share, tenge	4,625	4,356

<i>In tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Earnings per share		
Weighted average number of common shares for basic and diluted earnings per share	3,481,961,408	3,481,958,658
Basic and diluted share in net profit for the period	135.43	113.09

16. BORROWINGS

Borrowings, including interest payable, comprised the following:

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	Weighted average interest rate	December 31, 2021 (audited)	Weighted average interest rate
Fixed interest rate borrowings	7,079,359		6,599,170	
Loans received	1,920,176	9.15%	1,804,252	13.41%
Debt securities issued	5,159,183	8.36%	4,794,918	8.56%
Floating interest rate borrowings	993,797		1,263,522	
Loans received	887,794	13.40%	1,159,936	10.79%
Debt securities issued	106,003	9.91%	103,586	9.79%
	8,073,156		7,862,692	
Less: amounts due for settlement within 12 months	(881,514)		(954,209)	
Amounts due for settlement after 12 months	7,191,642		6,908,483	
	8,073,156		7,862,692	

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

16. BORROWINGS (continued)

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
US dollar-denominated borrowings	5,347,382	5,037,496
Tenge-denominated borrowings	1,929,755	1,896,980
Other currency-denominated borrowings	796,019	928,216
	8,073,156	7,862,692

The bonds comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	March 31, 2022	December 31, 2021
Bonds					
Bonds LSE 2018	1.5 billion USD	2048	6.375%	697,125	639,046
Bonds LSE 2018	1.25 billion USD	2030	5.375%	584,224	540,156
Bonds LSE 2017	1.25 billion USD	2047	5.75%	573,237	522,827
Bonds LSE 2017	1 billion USD	2027	4.75%	468,714	428,552
Bonds LSE 2014	1,100 million USD	2042	6.95%	433,047	396,207
Bonds LSE 2020	750 million USD	2033	3.50%	346,053	325,735
Bonds ISE 2017	750 million USD	2027	4.375%	328,852	307,808
Bonds KASE 2019	0.3 billion KZT	2034	11.50%	317,058	308,433
Bonds LSE 2018	500 million USD	2025	4.75%	236,938	216,760
Bonds LSE 2021	500 million USD	2026	2%	231,663	213,291
Bonds KASE 2020	129 billion tenge	2023	10.90%	102,744	100,041
Bonds SIX Swiss Exchange 2014	185 million Swiss Francs	2022	3.64%	96,034	89,208
Bonds MOEX 2017	15 billion Russian roubles	2022	8.75%	87,809	86,832
Bonds SIX Swiss Exchange 2018	170 million Swiss Francs	2023	3.25%	85,870	79,713
Bonds KASE 2019	70 billion KZT	2024	4%	85,708	78,503
Bonds KASE 2019	80 billion KZT	2026	11.86%	82,530	80,226
Bonds KASE 2018	75 billion KZT	2024	9.25%	78,565	76,831
Bonds KASE 2016	50 billion KZT	2026	Inflation rate + 2.52%	54,616	53,376
Other	-	-	-	374,399	354,959
Total				5,265,186	4,898,504

Loans received

In January 2022, the Group made early fully repayment of the loan from The Export-Import Bank of China (Eximbank) for 604 million US dollars (equivalent to 259,459 million tenge), including accrued interest. For the repayment was used the cash reserved in November 2021.

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.

Compliance with covenants under the individual loan agreements of the Group is disclosed in the consolidated financial statements for the year ended December 31, 2021.

As at March 31, 2022 the Group complied with financial and non-financial covenants required.

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

16. BORROWINGS (continued)

Covenants (continued)

Changes in borrowings are as follows:

In millions of tenge

Balance as at January 1, 2022 (audited)	7,862,692
Additions	271,792
Interest accrued	121,256
Discount	(282)
Interest capitalized (Note 4)	15,184
Interest paid	(70,386)
Repayment of principal	(275,064)
Amortization of discount	5,209
Foreign currency translation	382,237
Repayment of principal and interest by reserved cash	(259,459)
Purchase of property plant and equipment financed by borrowings	2,317
Commission for the early redemption of the loan (Note 25)	4,498
Write-off of transaction costs due to early redemption of the loan (Note 25)	13,035
Other	127
Balance as at March 31, 2022 (unaudited)	8,073,156

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

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
National Company “KazMunayGas” JSC and its subsidiaries	3,823,226	3,700,776
National Company “Kazakhstan Temir Zholy” JSC and its subsidiaries	1,442,430	1,448,443
“Kazakhstan Petrochemical Industries Inc.” JSC	839,755	–
The Fund	560,316	578,552
National Company “QazaqGaz” JSC and its subsidiaries	495,866	484,709
Kazakhtelecom JSC and its subsidiaries	235,042	237,916
Samruk-Energy JSC and its subsidiaries	218,243	223,755
Kazakhstan Electricity Grid Operating Company JSC	171,027	171,199
Stantsiya Ekibastuzskaya GRES-2 JSC	98,681	99,678
NAC KAP and its subsidiaries	96,225	89,017
Air Astana JSC	53,223	26,895
Samruk-Kazyna Ondeu LLP and its subsidiaries	2,013	764,879
Other subsidiaries of the Fund	37,109	36,873
Total borrowings	8,073,156	7,862,692

17. 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>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Bonds acquired by the National Bank of the Republic of Kazakhstan using the assets of the National Fund	572,226	558,982
Loans from the Government of the Republic of Kazakhstan	20,715	20,387
	592,941	579,369
Less: amounts due for settlement within 12 months	(14,568)	(10,264)
Amounts due for settlement after 12 months	578,373	569,105

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

17. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN (continued)

In accordance with the Rules on proceeds to the National Fund of the Republic of Kazakhstan from transfer of assets of national managing holdings, national holdings, national companies and their subsidiaries, affiliates and other legal entities affiliated with them to the competitive environment approved by the Resolution of the Government of the Republic of Kazakhstan No. 323 dated June 4, 2018, funds received from sale of national assets can be used for redemption of Fund’s liabilities due to the National Fund.

In this regard, in February 2021, in accordance with the adopted corporate decisions of the Fund, a partial early repayment of bonds at par value in the amount of 136 million tenge was carried out within the eleventh issue of the Fund’s bonds purchased by the National Bank of the Republic of Kazakhstan. In this regard, the Fund recognized amortization of the discount on loans from the Government of the Republic of Kazakhstan in the amount of 78 million tenge in the interim consolidated statement of changes in equity.

18. TRADE AND OTHER PAYABLES, AND OTHER CURRENT LIABILITIES

Trade and other accounts payable comprised the following:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Trade accounts payable	1,232,452	937,027
Accounts payable for the supply of property, plant and equipment	95,988	164,985
Other accounts payable	16,227	16,043
	1,344,667	1,118,055

Trade accounts payable were expressed in the following currencies:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
US dollar-denominated trade accounts payable	605,862	394,706
Tenge-denominated trade accounts payable	525,859	441,996
Other currency-denominated trade accounts payable	100,731	100,325
	1,232,452	937,027

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

18. TRADE AND OTHER PAYABLES, AND OTHER CURRENT LIABILITIES (continued)

Other current liabilities comprised the following:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Other financial liabilities		
Due to employees	68,074	32,139
Obligations to the Shareholder on the financing of social projects	52,755	52,755
Dividends payable	47,540	814
Amounts due to customers	40,032	39,980
Payable under repo transactions	12,631	11,464
Obligations under guarantee agreements	4,449	3,929
Historical costs associated with obtaining subsoil use rights	3,911	2,680
Other	26,103	25,800
Other non-financial liabilities		
Contract liabilities to customers	264,049	297,865
Other taxes payable	199,721	188,831
Vacation and other employee benefits allowance	92,345	105,774
Amounts due under uranium swap contracts	29,101	15,355
Pension and social contributions liabilities	20,893	21,834
Advances received and deferred income	14,654	14,523
Government grant liability	11,197	4,246
Joint operations liabilities	8,308	4,569
Other	47,886	22,927
	943,649	845,485

19. REVENUE

Revenue comprised the following:

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Sales of crude oil	1,424,607	753,027
Sales of oil refined products	702,587	540,242
Railway cargo transportation	269,745	266,540
Sales of gas products	248,233	210,304
Sales of refined gold	212,586	130,412
Telecommunication services	141,187	136,441
Sales of uranium products	138,939	49,787
Electricity complex	101,549	89,614
Oil and gas transportation fee	81,551	77,961
Air transportation	81,312	58,052
Oil processing fees	51,246	46,684
Electricity transmission services	47,974	68,944
Railway passenger transportation	16,333	10,916
Interest income	14,956	16,960
Postal services	9,801	11,782
Less: Crude oil Quality Bank	(2,907)	(239)
Less: indirect taxes and commercial discounts	(132,184)	(139,781)
Other revenue	103,496	84,375
	3,511,011	2,412,021

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

19. REVENUE (continued)

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Geographical markets		
Kazakhstan	1,219,122	1,031,914
Other countries	2,291,889	1,380,107
	3,511,011	2,412,021

20. COST OF SALES

Cost of sales comprised the following:

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Materials and supplies	1,833,895	948,416
Personnel costs, including social taxes and withdrawals	287,807	234,203
Depreciation, depletion and amortization	247,575	241,323
Fuel and energy	150,947	100,555
Production services rendered	62,081	43,323
Repair and maintenance	61,215	52,561
Mineral extraction tax	47,237	25,199
Taxes other than social taxes and withdrawals	27,636	25,052
Rent	24,653	9,495
Interest expense	18,924	18,976
Transportation expenses	16,817	15,824
Other	80,819	66,407
	2,859,606	1,781,334

21. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised the following:

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Personnel costs, including social taxes and withdrawals	54,433	48,800
Depreciation and amortization	10,616	9,597
Consulting services	5,818	5,710
Taxes other than social taxes and withdrawals	5,647	7,808
Other services by third parties	4,397	1,092
Allowance for expected credit losses for trade receivable and other assets	3,113	2,167
Repair and maintenance	1,620	1,276
Utilities expenses and maintenance of buildings	1,136	929
Social payments and maintenance of social sphere facilities	1,131	329
Rent	1,071	1,192
Business trips	779	649
Communication services	748	824
Insurance	711	768
Transportation services	519	556
Bank services	528	448
Professional education and advanced trainings	295	339
Sponsorship and charitable donations	205	2,850
Other	9,510	10,428
	102,277	95,762

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

22. TRANSPORTATION AND SELLING EXPENSES

Transportation and selling expenses comprised the following:

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Transportation	118,981	125,309
Rent tax	36,531	26,509
Custom duties	21,494	20,734
Personnel costs, including social taxes and withdrawals	5,146	4,239
Depreciation and amortization	4,991	4,165
Commission fees to agents and advertising	3,228	2,656
Rent expenses	1,989	1,564
Other	7,818	6,548
	200,178	191,724

23. (REVERSAL OF IMPAIRMENT LOSS)/IMPAIRMENT LOSS, NET

Impairment loss comprised the following:

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Impairment of investments in joint ventures and associates (<i>Note 7</i>)	1,582	1,282
Expected credit losses on other financial assets	467	152
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets (<i>Notes 4, 5</i>)	414	19,836
Impairment/(reversal) of expected credit losses on loans issued	152	(386)
Impairment/(reversal) of impairment of VAT receivable	133	(1,654)
(Reversal of expected credit losses)/expected credit losses on amounts in credit institutions	(245)	178
(Reversal of impairment)/impairment of other non-current assets	(2,813)	604
Other	(168)	87
	(478)	20,099

24. FINANCE INCOME

Finance income comprised the following:

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Interest income on amounts due from credit institutions and cash and cash equivalents	25,112	12,701
Interest income from loans and financial assets	7,980	6,734
Revaluation gain on financial assets at fair value through profit/loss	7,639	3,631
Income from financial guarantees	1,048	1,609
Unwinding of discount on long-term receivables	660	778
Other	2,072	1,246
	44,511	26,699

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

25. FINANCE COSTS

Finance costs comprised the following:

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Interest on loans and debt securities issued	121,181	107,672
Write-off of of transaction costs due to early redemption of the loan (Note 16)	13,035	–
Interest on lease liabilities	8,939	9,506
Revaluation loss on financial assets at fair value through profit/loss	8,460	2,471
Discount on provisions and other payables	5,618	4,783
Commission for the early redemption of the loan (Note 16)	4,498	–
Discount on assets at rates below market	313	1,083
Interest on oil supply agreement	–	1,739
Other	6,718	6,551
	168,762	133,805

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

Share in profit/(loss) of joint ventures and associates comprised the following:

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Tengizchevroil LLP	199,878	89,341
Asian Gas Pipeline LLP	64,187	55,817
Mangistau Investments B.V.	34,537	12,054
Caspian Pipeline Consortium JSC	22,604	22,005
Kazzinc LLP	19,736	26,564
Beineu Shymkent Gas Pipeline LLP	13,495	19,745
JV KATCO LLP	5,060	(385)
JV Kazgermunai LLP	4,698	253
PetroKazakhstan Inc.	3,626	2,107
JSC United Transport and Logistics Company – Eurasian Rail Alliance	3,248	2,074
Kazakhstan-China Pipeline LLP	2,682	2,650
Valsera Holdings B.V.	(1,446)	3,915
Ulba-TVS LLP	(1,513)	(598)
Ural Group Limited BVI	(2,269)	(1,747)
Other joint ventures and associates	15,433	4,532
	383,956	238,327

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

27. INCOME TAX EXPENSES

Income tax expenses comprised the following:

<i>In millions of tenge</i>	For the three months ended March 31, 2022 (unaudited)	For the three months ended March 31, 2021 (unaudited)
Current income tax expenses		
Corporate income tax (“CIT”)	96,280	66,656
Withholding tax on dividends and interest income	1,342	1,066
Deferred income tax expense/(benefit)		
Corporate income tax (“CIT”)	46,830	12,645
Withholding tax on dividends and interest income	44,982	13,401
Excess profit tax	239	(2)
Income tax expenses	189,673	93,766

28. CONSOLIDATION

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

	Main activity	Country of incorporation	Ownership percentage		
			March 31, 2022 (unaudited)	December 31, 2021 (audited)	
1	National Company “KazMunayGas” JSC and subsidiaries	Exploration, production, processing and transportation of oil and gas	Kazakhstan	90.42%	90.42%
2	National Company “QazaqGaz” JSC and subsidiaries	Exploration, production, transportation, sale and storage of natural gas and gas condensate	Kazakhstan	100.00%	100.00%
3	KMG Kashagan B.V.	Exploration and production of hydrocarbons	Netherlands	95.00%	95.00%
4	National Company “Kazakhstan Temir Zholy” JSC and subsidiaries	Passenger and cargo transportation	Kazakhstan	100.00%	100.00%
5	National Atomic Company “Kazatomprom” JSC and subsidiaries	Production and mining of uranium, rare metals	Kazakhstan	75.00%	75.00%
6	Samruk-Energy JSC and subsidiaries	Electricity and heat production	Kazakhstan	100.00%	100.00%
7	Kazakhstan Electricity Grid Operating Company JSC and subsidiaries	Electricity transmission services	Kazakhstan	90.00% + 1	90.00% + 1
8	Kazpost JSC and subsidiaries	Postal and financial activities	Kazakhstan	100.00%	100.00%
9	Kazakhtelecom JSC and subsidiaries	Telecommunication services	Kazakhstan	52.03%	52.03%
10	Air Astana JSC and subsidiaries	Air transportation	Kazakhstan	51.00%	51.00%
11	Samruk-Kazyna Construction JSC and subsidiaries	Construction and real estate management	Kazakhstan	100.00%	100.00%
12	National Mining Company “Tau-Ken Samruk” and subsidiaries	Exploration, mining and processing of solid minerals	Kazakhstan	100.00%	100.00%
13	Samruk-Kazyna Ondeu LLP and subsidiaries	Development and implementation of projects in the chemical industry	Kazakhstan	100.00%	100.00%
14	Samruk-Kazyna Invest LLP and subsidiaries	Investments	Kazakhstan	100.00%	100.00%
15	Samruk-Kazyna Contract LLP	Procurement activities	Kazakhstan	100.00%	100.00%
16	Stantsiya Ekibastuzskaya GRES-2 JSC	Power generation	Kazakhstan	100.00%	100.00%
17	SK Business Service LLP and subsidiaries	Transformation services, information and IT services	Kazakhstan	100.00%	100.00%
18	Qazaq Air JSC	Air transportation	Kazakhstan	100.00%	100.00%
19	Kazakhstan nuclear electric plants LLP	Servicing companies in the electricity sector	Kazakhstan	100.00%	100.00%
20	“Kazakhstan Petrochemical Industries Inc.” JSC	Production of oil-and-gas and petrochemical products	Kazakhstan	99.91%	99.91%
21	“CCGT Turkistan” LLP (former – “PVH Development” LLP)	Transmission, distribution and sale of electricity	Kazakhstan	100.00%	100.00%

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

29. 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 shows the total amount of transactions that were made with related parties during the three months ended March 31, 2022 and March 31, 2021, and the corresponding balances as of March 31, 2022 and December 31, 2021:

<i>In millions of tenge</i>		Associates	Joint ventures	Other state-controlled entities
Due from related parties	March 31, 2022	96,798	36,650	45,760
	December 31, 2021	6,189	28,732	35,262
Due to related parties	March 31, 2022	68,543	451,876	9,194
	December 31, 2021	40,544	282,269	8,186
Sale of goods and services	March 31, 2022	41,772	65,132	255,358
	March 31, 2021	73,055	177,982	160,409
Purchase of goods and services	March 31, 2022	65,923	739,746	24,072
	March 31, 2021	37,925	407,125	7,168
Other income/(loss)	March 31, 2022	(204)	14,374	9,370
	March 31, 2021	30	5,322	3,786
Cash and cash equivalents, and amounts due from credit institutions (assets)	March 31, 2022	–	65	169,489
	December 31, 2021	–	78	154,768
Loans issued	March 31, 2022	13,896	322,473	4,924
	December 31, 2021	14,169	300,929	14,100
Borrowings	March 31, 2022	22,378	4	969,382
	December 31, 2021	22,438	4	964,744
Other assets	March 31, 2022	20,680	29,787	160,998
	December 31, 2021	17,204	28,912	160,638
Other liabilities	March 31, 2022	32,260	55,788	58,245
	December 31, 2021	41,258	59,415	54,610
Interest accrued due from related parties	March 31, 2022	258	6,462	717
	March 31, 2021	248	5,685	1,290
Interest accrued due to related parties	March 31, 2022	939	99	24,015
	March 31, 2021	1,222	383	24,441

As at March 31, 2022 some of the Group’s borrowings of 41,171 million tenge were guaranteed by the Government of the Republic of Kazakhstan (December 31, 2021: 42,907 million tenge).

Total compensation to key management personnel included in general and administrative expenses in the interim consolidated statement of comprehensive income was equal to 1,237 million tenge for the three months ended March 31, 2022 (for the three months ended March 31, 2021: 1,053 million tenge). Compensation to key management personnel mainly consists of contractual salary and other payments based on achievement of operating results.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments consist of borrowings, loans from the Government of the Republic of Kazakhstan, lease liabilities, amounts due to the customers, derivatives, cash and cash equivalents, loans issued, amounts due from credit institutions, other financials assets, as well as accounts receivable and accounts payable. The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk and credit risk. The Group also monitors the liquidity risk arising from all financial instruments.

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

**30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(continued)**

Fair values 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 following Group’s financial instruments is a reasonable estimate of their fair value:

<i>In millions of tenge</i>	Level 1	Level 2	Level 3	March 31, 2022 (unaudited)
Financial instruments category				
Assets				
Loans issued at fair value through profit and loss	–	–	133,658	133,658
Financial assets measured at fair value through OCI	1,115	23,448	60	24,623
Financial assets at fair value through profit and loss	78,999	16,150	36,967	132,116
Derivative financial assets	–	21,714	–	21,714

<i>In millions of tenge</i>	Level 1	Level 2	Level 3	December 31, 2021 (audited)
Financial instruments category				
Assets				
Loans issued at fair value through profit and loss	–	–	123,161	123,161
Financial assets measured at fair value through OCI	1,134	20,741	60	21,935
Financial assets at fair value through profit and loss	74,356	14,486	32,913	121,755
Derivative financial assets	–	14,153	–	14,153

<i>In millions of tenge</i>	March 31, 2022 (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	290,428	271,326	–	17,462	253,864
Amounts due from credit institutions	969,722	964,017	607,520	354,160	2,337
Financial liabilities					
Borrowings	8,073,156	7,752,136	4,380,572	2,216,559	1,155,005
Loans from the Government of the Republic of Kazakhstan	592,941	390,776	–	390,776	–
Guarantee obligations	41,092	39,291	–	33,263	6,028

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

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair values of financial instruments (continued)

In millions of tenge	December 31, 2021 (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	280,955	273,189	–	14,800	258,389
Amounts due from credit institutions	776,662	770,714	546,900	215,651	8,163
Financial liabilities					
Borrowings	7,862,692	8,575,232	5,039,417	2,484,584	1,051,231
Loans from the Government of the Republic of Kazakhstan	579,369	374,861	–	374,861	–
Guarantee obligations	40,456	38,655	–	33,330	5,325

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 March 31, 2022	Range as of December 31, 2021
Loans issued at amortized cost and finance lease receivables	Discounted cash flow method	Interest/ discount rate	8.5%-30%	3.1-30%
Borrowings			3.5%-17%	3.5-17%
Financial guarantee issued			5%-5.4%	4.5%-5.3%

31. 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, 2021, the following changes have taken place during the three months ended March 31, 2022:

Comprehensive tax audit at Pavlodar Refinery for 2016-2020

On March 1, 2022, based on 2016-2020 comprehensive tax audit, Pavlodar oil chemistry refinery (further Pavlodar Refinery) received additional tax assessment for VAT for 15,290 million tenge, for CIT for 2,772 million tenge, for other taxes for 255 million tenge, including penalties, and reduction in tax carry-forward losses for 15,579 million tenge. Pavlodar Refinery has not agreed with tax audit results and on April 15, 2022 sent an appeal to the Ministry of Finance of Republic of Kazakhstan. The Group believes that the risk of additional tax assessment is remote, as such, the Group did not recognize any provisions as of March 31, 2022.

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

31. COMMITMENTS AND CONTINGENCIES (continued)**Comprehensive tax audit at Pavlodar Refinery for 2016-2020 (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***

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

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.

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. The Court of Appeal in Hague started on April 4, 2022.

On June 14, 2022, the Court of Appeal in The Hague made a decision on lifting the Pre-judgement Attachment in respect of the KMG Kashagan B.V. shares and cancellation of decision of Amsterdam Court dated January 5, 2018 according to which the Pre-judgement Attachment in respect of the KMG Kashagan B.V. shares was remained effective.

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 legally protected interests.

Administrative offense in terms of environmental requirements

Based on the results of an audit conducted in 2021 by the Department of Ecology for East Kazakhstan Region, the Group received administrative fines for the total amount of 18.5 billion tenge, including 10.5 billion tenge relating to operations at Ust-Kamenogorsk and 8 billion tenge to operations at Semey. The Group disagreed with the basis of assessment of the fines and filed court appeals. On 4 April 2022 the Specialised Court for Administrative Offenses of the city of Semey upheld the Group’s appeal and dismissed the case. On 27 April 2022 the Specialised Court for Administrative Offenses of the city of Ust-Kamenogorsk upheld the Group’s appeal and dismissed the case. To the date of these interim consolidated financial statements, no appeals have been lodged against these court decisions by the Department of Ecology for East Kazakhstan Region.

Cost recovery audits

As of March 31, 2022 the Group’s share in the total disputed amounts of costs is 1,108,717 million tenge (December 31, 2021: 979,556 million tenge).

Kazakhstan local market obligation

During three months ended March 31, 2022, in accordance with its obligations, the Group, including joint ventures, delivered 1,980 thousand tons of crude oil (three months ended March 31, 2021: 1,664 thousand tons) to the Kazakhstan market.

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

31. COMMITMENTS AND CONTINGENCIES (continued)

Oil supply commitments

As of March 31, 2022 the Group had commitments under the oil supply agreement in the amount of 7.97 million ton (as at December 31, 2021: 8.6 million ton).

Commitments under oilfield and mining field licenses and subsurface use contracts

As at March 31, 2022 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
2022	524,961	164,151
2023	472,759	136,200
2024	565,833	99,852
2025	761,265	95,914
2026-2059	2,696,029	1,564,666
Total	5,020,847	2,060,783

Capital commitments

As at March 31, 2022 the Group, including its joint ventures and associates, had capital commitments of approximately 1,091,702 million tenge related to acquisition and construction of property, plant and equipment (as at December 31, 2021: 2,269,940 million tenge).

As at March 31, 2022, the Group had commitments in the total amount of 1,633,489 million tenge (as at December 31, 2021: 592,889 million tenge) under the investment programs approved by the joint order of Ministry of Energy of the Republic of Kazakhstan and Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – the “CRNM”) to facilitate production units.

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

32. SEGMENT REPORTING

The following table represents information about profit and loss, assets and liabilities of operating segments of the Group as at March 31, 2022 and for the three months then ended:

<i>In millions of tenge</i>	Oil-and-gas and petro- chemical segment	Mining	Trans- portation	Com- munication	Energy	Industrial	Corporate center	Other	Elimination	Total
Revenue from sales to external customers	2,445,946	357,905	376,375	151,372	157,030	7,216	12,246	2,921	-	3,511,011
Revenue from sales to other segments	10,530	1	1,042	1,187	14,753	1,446	10,412	2,629	(42,000)	-
Total revenue	2,456,476	357,906	377,417	152,559	171,783	8,662	22,658	5,550	(42,000)	3,511,011
Geographical markets										
Kazakhstan	368,227	223,458	319,072	149,206	165,721	7,230	22,658	5,550	(42,000)	1,219,122
Other countries	2,088,249	134,448	58,345	3,353	6,062	1,432	-	-	-	2,291,889
Gross profit	454,770	75,984	23,777	49,111	61,498	2,283	2,352	3,095	(13,823)	659,047
General and administrative expenses	(46,890)	(8,048)	(25,662)	(12,328)	(7,065)	(1,000)	(2,790)	(852)	2,358	(102,277)
Transportation and selling expenses	(192,709)	(3,487)	(1,803)	(2,300)	(3,630)	(219)	-	(4)	3,974	(200,178)
Finance income	29,208	2,573	11,427	4,235	2,074	522	4,237	1,928	(11,693)	44,511
Finance costs	(95,858)	(2,455)	(40,453)	(11,679)	(14,701)	(1,601)	(13,509)	(11,364)	22,858	(168,762)
Share in profits/(loss) of joint ventures and associates	350,289	27,367	2,487	-	2,259	(48)	1,566	36	-	383,956
Foreign exchange gain/(loss), net	23,218	22,061	30,261	8,206	5,927	(1,038)	(39,381)	(2,556)	(1,642)	45,056
Depreciation, depletion and amortization (Impairment)/reversal of impairment of property, plant and equipment, explaration and evaluation assets and intangible assets	(145,823)	(13,934)	(51,047)	(30,990)	(20,360)	(2,336)	(178)	(754)	1,033	(264,389)
(Impairment)/reversal of impairment of other assets	(498)	14	72	(88)	87	-	-	(1)	-	(414)
Income tax expenses	(49)	(242)	2,777	(88)	155	39	(1,582)	(72)	(46)	892
Income tax expenses	(140,370)	(22,180)	(9,164)	(8,504)	(8,478)	(36)	(794)	1,260	(1,407)	(189,673)
Net profit/(loss) for the period	382,147	83,747	(5,392)	26,730	38,935	(2,112)	(48,904)	(8,535)	4,948	471,564
Other segment information										
Total assets of the segment	21,043,367	2,914,430	4,162,006	1,328,702	1,628,442	217,030	8,313,893	364,742	(7,953,481)	32,019,131
Total liabilities of the segment	8,251,411	593,399	2,862,264	621,498	767,443	73,003	1,795,686	220,859	(1,312,326)	13,873,237
Investments in joint ventures and associates	5,449,645	678,169	31,539	-	92,731	5,167	34,905	51	(32,341)	6,259,866

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

32. SEGMENT REPORTING (continued)

The following table represents information about profit and loss for the three months ended March 31, 2021 and assets and liabilities of operating segments of the Group as at December 31, 2021:

<i>In millions of tenge</i>	Oil-and-gas and petro- chemical segment	Mining	Trans- portation	Com- munication	Energy	Industrial	Corporate center	Other	Elimination	Total
Revenue from sales to external customers	1,550,436	186,092	347,186	148,394	157,044	5,734	12,480	4,655	-	2,412,021
Revenue from sales to other segments	9,114	25	1,056	1,149	33,797	1,488	9,890	11,574	(68,093)	-
Total revenue	1,559,550	186,117	348,242	149,543	190,841	7,222	22,370	16,229	(68,093)	2,412,021
Geographical markets										
Kazakhstan	304,811	135,640	289,272	144,580	181,473	5,632	22,370	16,229	(68,093)	1,031,914
Other countries	1,254,739	50,477	58,970	4,963	9,368	1,590	-	-	-	1,380,107
Gross profit	456,534	15,259	79,302	51,600	58,834	1,413	1,966	7,511	(35,549)	636,870
General and administrative expenses	(40,462)	(7,101)	(25,880)	(11,037)	(6,593)	(1,307)	(5,210)	(844)	2,672	(95,762)
Transportation and selling expenses	(186,943)	(1,603)	(1,377)	(2,086)	(4,001)	(308)	-	-	4,594	(191,724)
Finance income	21,646	1,416	3,576	1,438	2,525	421	2,293	4,541	(11,157)	26,699
Finance costs	(72,251)	(1,682)	(37,698)	(11,908)	(13,243)	(1,507)	(5,394)	(10,692)	20,570	(133,805)
Share in profits/(loss) of joint ventures and associates	209,240	26,733	2,201	-	4,037	(58)	(3,828)	2	-	238,327
Foreign exchange gain/(loss), net	3,502	1,129	3,462	529	541	(5,544)	12,503	409	(430)	16,101
Depreciation, depletion and amortization (Impairment)/reversal of impairment of property, plant and equipment, explaration and evaluation assets and intangible assets	(148,227)	(9,054)	(47,539)	(30,022)	(18,911)	(1,869)	(545)	(567)	628	(256,106)
Reversal of impairment/(impairment) of other assets	(19,793)	21	(47)	80	(97)	-	-	-	-	(19,836)
Income tax expenses	1,290	(91)	295	(146)	(1,140)	40	(1,282)	728	43	(263)
Income tax expenses	(65,337)	(4,415)	(5,143)	(7,362)	(8,554)	(17)	(823)	(1,362)	(753)	(93,766)
Net profit/(loss) for the period	313,188	29,532	20,127	22,856	36,054	(7,347)	289	307	(21,215)	393,791
Other segment information										
Total assets of the segment	18,592,151	2,739,861	4,133,241	1,341,590	1,616,981	1,128,970	8,309,598	373,645	(7,926,279)	30,309,758
Total liabilities of the segment	6,790,420	469,838	2,820,223	667,222	788,374	884,803	1,790,290	217,503	(1,292,007)	13,136,666
Investments in joint ventures and associates	4,851,977	703,195	27,688	-	90,472	5,215	35,013	15	(32,341)	5,681,234

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

33. SUBSEQUENT EVENTS**Dividends received**

In April-May 2022, the Group received dividends from the associated company Kazzinc LLP in the amount of 61,410 million tenge, and dividends from the joint ventures Kazakhoil-Aktobe LLP and KazGerMunay LLP in the amount of 4,500 million tenge and 6,639 million tenge, respectively.

On June 9, 2022, the Group received dividends from the joint venture Tengizchevroil LLP in the amount of 119 million US dollars (equivalent to 51,581 million tenge).

Other distributions to the Shareholder

On April 15, 2022, the Group made a payment for financing projects aimed at the development of Kazakhstani professional sports and high-performance sports in the amount of 9,700 million tenge based on the Shareholder's order.

On April 12 and May 6, 2022, the Group made a payment to finance the construction of the National Coordination Center for Emergency Medicine in Nur-Sultan for 200 beds and the National Scientific Center for Infectious Diseases in Almaty for 350 beds on the basis of a Shareholder's Resolution in the total amount of 15,250 million tenge.

Investment in subsidiaries

On April 18, 2022, Private company “Center for Scientific and Technological Initiatives Ltd”, a new subsidiary of the Fund, was registered in the Astana International Financial Centre (AIFC), the main activities of which are institutional services for innovative technologies, other research and experimental developments in the natural and technical sciences.