

“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Interim condensed consolidated financial statements
(unaudited)

As at June 30, 2021 and for the three and six months then ended

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«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 59 60
Факс: +7 727 258 59 61
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, д. 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 59 60
Факс: +7 727 258 59 61
www.ey.com

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 59 60
Fax: +7 727 258 59 61
www.ey.com

Report on Review of Interim Financial Information

To the Shareholder and Management of “Sovereign Wealth Fund “Samruk-Kazyna” JSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of “Sovereign Wealth Fund “Samruk-Kazyna” JSC and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2021 and the interim consolidated statement of comprehensive income for the three and six months then ended, interim consolidated statements of changes in equity and cash flows for the six months then ended and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of "Sovereign Wealth Fund "Samruk-Kazyna" JSC and its subsidiaries is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP

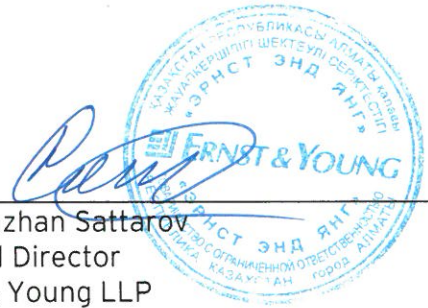


Adil Syzdykov
Auditor

Auditor Qualification Certificate
No. МФ-0000172 dated 23 December 2013

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

10 September 2021



Rustamzhan Sattarov
General Director
Ernst & Young LLP

State audit license for audit activities on
the territory of the Republic of Kazakhstan:
series МФЮ-2 No. 0000003 issued by
the Ministry of finance of the Republic of
Kazakhstan on 15 July 2005

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In millions of tenge</i>	Note	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Assets			
Non-current assets			
Property, plant and equipment	6	13,895,135	13,703,885
Intangible assets	7	1,997,349	2,022,024
Exploration and evaluation assets	8	355,332	367,393
Investment property		42,268	40,560
Investments in joint ventures and associates	9	5,336,186	4,985,676
Loans issued and finance lease receivables		366,367	366,830
Amounts due from credit institutions	10	118,714	135,315
Deferred tax assets		77,160	79,267
Other non-current financial assets	11	613,937	614,382
Other non-current assets	12	467,560	447,907
		23,270,008	22,763,239
Current assets			
Inventories	13	619,087	626,363
VAT receivable		200,946	256,319
Income tax prepaid		68,091	97,503
Trade accounts receivable	14	847,059	667,107
Loans issued and finance lease receivables		51,400	55,406
Amounts due from credit institutions	10	375,413	354,257
Other current financial assets	11	255,928	188,427
Other current assets	14	214,642	184,769
Cash and cash equivalents	15	2,755,982	2,227,669
		5,388,548	4,657,820
Assets classified as held for sale or distribution to the Shareholder	5	60,852	61,787
		5,449,400	4,719,607
Total assets		28,719,408	27,482,846

The explanatory notes on pages 9 through 47 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	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Equity and liabilities			
Equity attributable to equity holder of the Parent			
Share capital		5,258,657	5,258,657
Currency translation reserve		1,846,280	1,763,499
Revaluation reserve of investments at fair value through other comprehensive income		31,829	31,464
Hedging reserve		(57,624)	(60,416)
Other capital reserves		(16,984)	(16,984)
Retained earnings		7,282,679	6,502,544
		14,344,837	13,478,764
Non-controlling interest		1,721,918	1,672,851
Total equity		16,066,755	15,151,615
Non-current liabilities			
Borrowings	17	6,570,239	6,608,990
Loans from the Government of the Republic of Kazakhstan	18	567,154	562,449
Lease liabilities	20	406,959	396,441
Provisions	21	389,455	386,921
Deferred tax liabilities		1,216,296	1,143,256
Employee benefit liabilities		120,733	120,943
Obligations under oil supply agreements	19	-	185,680
Other non-current liabilities	22	208,617	138,085
		9,479,453	9,542,765
Current liabilities			
Borrowings	17	1,095,073	850,210
Loans from the Government of the Republic of Kazakhstan	18	13,411	30,773
Lease liabilities	20	144,345	118,878
Provisions	21	87,298	80,980
Employee benefit liabilities		12,012	14,051
Income tax payable		41,980	10,567
Trade and other payables	23	862,185	828,258
Obligations under oil supply agreements	19	127,588	97,882
Other current liabilities	23	781,340	752,031
		3,165,232	2,783,630
Liabilities associated with assets classified as held for sale or distribution to the Shareholder	5	7,968	4,836
		3,173,200	2,788,466
Total liabilities		12,652,653	12,331,231
Total equity and liabilities		28,719,408	27,482,846

Managing Director for Economy and Finance
Member of the Management Board



Chief accountant

Nazira Nurbayeva

Almaz Abdрахmanova

The explanatory notes on pages 9 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

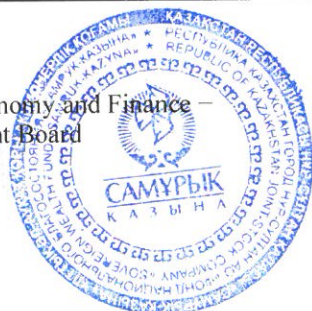
<i>In millions of tenge</i>	Note	For the three months ended June 30		For the six months ended June 30	
		2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Revenue	24	2,922,684	1,704,400	5,334,705	3,984,714
Government grants		12,806	6,661	18,989	11,044
		2,935,490	1,711,061	5,353,694	3,995,758
Cost of sales	25	(2,137,283)	(1,347,186)	(3,918,617)	(3,097,017)
Gross profit		798,207	363,875	1,435,077	898,741
General and administrative expenses	26	(106,563)	(96,263)	(202,325)	(193,316)
Transportation and selling expenses	27	(194,411)	(134,529)	(386,135)	(329,995)
Impairment loss, net	28	(7,528)	(175,720)	(27,627)	(283,550)
Loss on disposal of subsidiaries		(1,727)	–	(1,727)	(173)
Operating profit/(loss)		487,978	(42,637)	817,263	91,707
Finance costs	29	(134,844)	(163,780)	(268,649)	(309,329)
Finance income	30	33,917	52,026	60,616	96,323
Other non-operating loss		(6,734)	(1,334)	(16,081)	(23,469)
Other non-operating income		33,019	22,522	53,316	58,011
Share in profit of joint ventures and associates, net	31	272,474	201,497	510,801	276,253
Net foreign exchange (loss)/gain		(17,605)	(97,034)	(1,504)	72,383
Profit/(loss) before income tax		668,205	(28,740)	1,155,762	261,879
Income tax expenses	32	(133,811)	(19,879)	(227,577)	(85,377)
Net profit/(loss) for the period		534,394	(48,619)	928,185	176,502
Net profit/(loss) for the period attributable to:					
Equity holder of the Parent		458,953	6,832	809,431	225,597
Non-controlling interest		75,441	(55,451)	118,754	(49,095)
		534,394	(48,619)	928,185	176,502

The explanatory notes on pages 9 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

In millions of tenge	Note	For the three months ended June 30		For the six months ended June 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	16.4	42,480	(559,066)	96,348	262,005
Unrealized gain/(loss) from revaluation of investments at fair value through other comprehensive income		112	3,121	81	(1,251)
(Loss)/gain on cash flow hedge		(536)	10,770	4,421	(1,098)
Reclassification to profit or loss of the revaluation reserve for the sale of financial assets at fair value through other comprehensive income		10	115	317	(137)
Share of the OCI items of associates and joint ventures	9	408	2,013	617	1,948
Tax effect on transactions of OCI components		(3,352)	42,145	(7,717)	(19,881)
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		39,122	(500,902)	94,067	241,586
<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	(33)	(96)	20	(96)
Actuarial (loss)/gain on defined benefit plans		(190)	(1,395)	601	(1,200)
Tax effect on transactions of OCI components		63	35	43	43
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		(160)	(1,456)	664	(1,253)
Other comprehensive income/(loss) for the period, net of tax		38,962	(502,358)	94,731	240,333
Total comprehensive income/(loss) for the period, net of tax		573,356	(550,977)	1,022,916	416,835
Total comprehensive income/(loss) for the period, net of tax, attributable to:					
Equity holder of the Parent		494,260	(452,370)	895,808	444,459
Non-controlling interest		79,096	(98,607)	127,108	(27,624)
		573,356	(550,977)	1,022,916	416,835

Managing Director for Economy and Finance
Member of the Management Board



Chief accountant

Nazira Nurbayeva

Almaz Abdurakhmanova

The explanatory notes on pages 9 through 47 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									
		Share capital	Additional paid-in capital	Revaluation reserve of investments at fair value through other comp-rehensive income	Currency translation reserve	Hedging reserve	Other capital reserves	Retained earnings	Total	Non-controlling interest	Total
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		-	-	-	-	-	-	225,597	225,597	(49,095)	176,502
Other comprehensive (loss)/income for the period		-	-	(1,528)	223,906	(2,231)	-	(1,285)	218,862	21,471	240,333
Total comprehensive (loss)/income for the period		-	-	(1,528)	223,906	(2,231)	-	224,312	444,459	(27,624)	416,835
Issue of shares		28,731	-	-	-	-	-	-	28,731	-	28,731
Dividends		-	-	-	-	-	-	-	-	(63,682)	(63,682)
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		-	-	-	-	-	-	(19,749)	(19,749)	-	(19,749)
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		-	-	-	165	(165)	-	(196)	(196)	(21)	(217)
Balance as at June 30, 2020 (unaudited)		5,257,843	12,407	27,656	1,543,551	(49,122)	(16,984)	6,371,716	13,147,067	1,588,757	14,735,824

The explanatory notes on pages 9 through 47 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									
	Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Currency translation reserve	Hedging reserve	Other capital reserves	Retained earnings	Total	Non-controlling interest	Total	
<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	13,478,764	1,672,851	15,151,615	
Net profit for the period	-	-	-	-	-	809,431	809,431	118,754	928,185	
Other comprehensive income for the period	-	365	82,562	3,011	-	439	86,377	8,354	94,731	
Total comprehensive income for the period	-	365	82,562	3,011	-	809,870	895,808	127,108	1,022,916	
Issue of shares	-	-	-	-	-	-	-	5,195	5,195	
Dividends	16.1	-	-	-	-	-	-	(84,514)	(84,514)	
Other distributions to the Shareholder	16.2	-	-	-	-	(29,585)	(29,585)	-	(29,585)	
Transfer of assets to the Shareholder	16.3	-	-	-	-	(312)	(312)	-	(312)	
Disposal of subsidiaries	-	-	-	-	-	-	-	1,225	1,225	
Other equity movements	-	-	219	(219)	-	162	162	53	215	
Balance as at June 30, 2021 (unaudited)	5,258,657	31,829	1,846,280	(57,624)	(16,984)	7,282,679	14,344,837	1,721,918	16,066,755	

Managing Director for Economy and Finance
Member of the Management Board



[Signature]
Magzira Nurbayeva

Chief accountant

[Signature]
Almaz Abdulkimurova

The explanatory notes on pages 9 through 47 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 six months ended June 30, 2021 (unaudited)	For the six months ended June 30, 2020 (unaudited) (restated)*
Cash flows from operating activities			
Receipts from customers		5,606,654	4,275,263
Payments to suppliers		(3,285,537)	(2,538,295)
Receipts from suppliers under the arbitration decision	36	112,058	-
Payments to employees		(526,466)	(486,891)
Other taxes and payments		(802,338)	(632,180)
Operations with financial instruments (the Fund and Kazpost JSC)		7,903	15,930
Short-term lease payments and variable lease payments		(20,275)	(43,434)
Proceeds from subsidized interest rates on financial liabilities		-	14,592
Other payments		(39,582)	(49,999)
VAT received		113,586	94,828
Income taxes paid		(78,900)	(89,840)
Interest paid		(264,919)	(245,176)
Interest received		36,804	73,725
Net cash flows received from operating activities		858,988	388,523
Cash flows from investing activities			
(Placement)/redemption of bank deposits, net		(27,997)	117,113
(Acquisition)/sale of joint ventures and associates, net		(3,102)	43,869
Additional contributions to share capital of joint ventures and associates without change in ownership	9	(1,925)	(13,482)
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		(552,090)	(473,526)
Acquisition of intangible assets		(12,430)	(5,949)
Proceeds from sale of subsidiaries, net of cash of disposed subsidiaries		727	9,441
Dividends received from joint ventures and associates	9	189,615	90,829
Proceeds from the sale of property, plant and equipment		29,375	6,969
Proceeds from the sale of other non-current assets		41,961	4,022
Loans issued		(9,979)	(1,727)
Repayment of loans issued		14,564	17,969
Purchase of debt instruments		(132,425)	(80,515)
Proceeds from the sale of debt instruments		120,195	13,102
Reservation of cash for payment of borrowings	11	(32,799)	-
Other cash inflows		56,484	26,459
Net cash flows used in investing activities		(319,737)	(271,925)

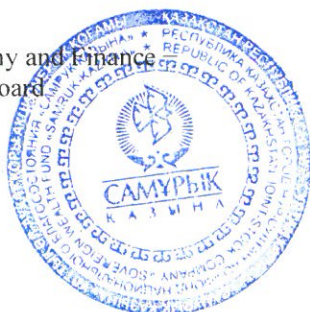
The explanatory notes on pages 9 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In millions of tenge</i>	Note	For the six months ended June 30, 2021 (unaudited)	For the six months ended June 30, 2020 (unaudited)
Cash flows from financing activities			
Proceeds from borrowings	17	525,417	690,208
Repayment of borrowings	17	(422,904)	(628,178)
Share buyback by subsidiary		-	(212)
Repayment of lease liabilities	20	(47,755)	(45,671)
Contributions to the share capital by the Equity holder of the Parent		-	26,000
Contributions by non-controlling interest		228	-
Distributions to the Shareholder		(48,185)	(21,550)
Disposal of interest that does not result in the loss of control		-	83,944
Dividends paid to non-controlling interest of subsidiaries	16.1	(40,787)	(51,223)
Bonds early extinguishment premium paid	29	-	(24,221)
Other payments		(61)	(1,625)
Net cash flows (used)/received in financing activities		(34,047)	27,472
Net increase in cash and cash equivalents		505,204	144,070
Effects of exchange rate changes on cash and cash equivalents		24,737	91,109
Changes in cash and cash equivalents disclosed as part of assets classified as held for sale		(1,246)	529
Change in allowance for expected credit losses		(382)	264
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	2,755,982	2,229,934

* Certain numbers shown here do not correspond to the consolidated financial statements for the three and six months ended June 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 Abdurakhmanova

The explanatory notes on pages 9 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at June 30, 2021 and for the three and six 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 33* (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 37*):

- 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 September 10, 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 six months ended June 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 six months ended June 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 restatement and reclassifications on the consolidated statement of cash flows for the six months ended June 30, 2020:

<i>In millions of tenge</i>	For the six months ended June 30, 2020 (as previously reported)	Reclassification	For the six months ended June 30, 2020 (as restated)
Cash flows from investing activities			
Proceeds from sale/(acquisition) of joint ventures and associates	30,387	13,482	43,869
Additional contributions to share capital of joint ventures and associates without change in ownership	–	(13,482)	(13,482)
Proceeds from the sale of debt instruments	–	13,102	13,102
Other receipts	39,561	(13,102)	26,459
Net cash flows used in investing activities	(271,925)	–	(271,925)

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 six months ended June 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:

	June 30, 2021	December 31, 2020	Weighted average for the six months ended June 30, 2021	Weighted average for the six months ended June 30, 2020	September 10, 2021
United States dollar (“USD”)	427.89	420.91	424.22	404.71	426.52
Euro (“EUR”)	508.85	516.79	511.21	445.58	504.79
Russian ruble (“RUR”)	5.85	5.62	5.71	5.83	5.86

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 condensed consolidated 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. Forecast liquidity has been assessed under a number of stressed scenarios to support this assertion.

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 June 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 1st of April 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 1st of July 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 1st of April 2021 and increase to 7.47 tenge per 1 kWh from the 1st of July 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 June 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.

The Prime-Minister instructed the Ministry of Energy jointly with interested state bodies, JSC “SWF” “Samruk-Kazyna” to work out the issue of making amendments to the Law of RK *On Power Energy* in terms of enabling the implementation of projects for the operating energy-producing organizations aimed at the settlement of ecological situation through the mechanism of electrical power market. Draft amendments to the Law of RK *On Power Energy* will be submitted to the Majilis of the Parliament of RK for consideration in September 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 June 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.

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 tenge million. 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.

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	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Assets classified as held for sale		60,748	61,360
Assets classified as held for distribution to Shareholder, including:		104	427
<i>KOREM JSC</i>	Energy	-	323
<i>Other</i>		104	104
		60,852	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	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Liabilities associated with assets classified as held for sale		7,968	4,814
Liabilities associated with assets classified as held for distribution to the Shareholder, including:		-	22
<i>KOREM JSC</i>	Energy	-	22
		7,968	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 June 30, 2021.

As at June 30, 2021, the Group reclassified to assets held for sale property and equipment of 49,320 million tenge mainly represented by compressor station “Aral” for 40,378 million tenge, self-propelled barges Sunkar and Berkut for 3,755 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:

	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infrastructure	Machinery, equipment and vehicles	Mining assets	Other	Construction in progress	Total
<i>In millions of tenge</i>									
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	63,677	5,086	1,491	29	6,365	-	1,817	3,570	82,035
Changes in estimates	(11,490)	(93)	1,716	-	16	(164)	8	-	(10,007)
Additions	16,276	4,833	5,225	28	83,053	14,590	1,697	473,952	599,654
Additions through lease agreements	1,421	32,579	6,548	-	38,930	-	2,620	-	82,098
Capitalized repair works on right-of-use assets	-	-	-	-	7,096	-	-	-	7,096
Disposals	(15,614)	(42,347)	(4,032)	(1,146)	(22,880)	(37)	(2,536)	(413)	(89,005)
Depreciation charge	(139,575)	(88,701)	(35,624)	(18,414)	(172,368)	(14,766)	(11,335)	-	(480,783)
Depreciation and impairment on disposals	13,241	14,204	1,270	944	19,866	-	2,026	303	51,854
Impairment, net of reversal of impairment	10	-	176	(334)	(40)	160	8	(191)	(211)
Transfer from/(to) assets classified as held for sale	-	(24)	(13,430)	-	(37,721)	-	(535)	(24)	(51,734)
Transfers from/(to) intangible assets	539	-	(1)	-	(1)	-	-	(1,593)	(1,056)
Transfers from/(to) exploration and evaluation assets, investment property	145	-	(2,403)	-	89	-	(22)	-	(2,191)
Transfer from/(to) inventories	43	1,619	(22)	(180)	477	1,333	62	168	3,500
Other transfers and reclassifications	45,615	15,350	9,366	5,258	100,346	1,006	17,203	(194,144)	-
Net book value at June 30, 2021 (unaudited)	4,429,707	1,928,626	1,146,571	1,147,798	3,339,084	156,869	209,755	1,536,725	13,895,135
Historical cost	6,327,428	3,641,607	1,763,858	1,450,517	5,957,048	348,628	401,071	1,654,441	21,544,598
Accumulated depreciation and impairment	(1,897,721)	(1,712,981)	(617,287)	(302,719)	(2,617,964)	(191,759)	(191,316)	(117,716)	(7,649,463)
Net book value at June 30, 2021 (unaudited)	4,429,707	1,928,626	1,146,571	1,147,798	3,339,084	156,869	209,755	1,536,725	13,895,135
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	662	96	246	-	4,770	-	590	-	6,364
Changes in estimates	-	11	1,726	-	17	-	8	-	1,762
Additions through lease agreements	1,421	32,579	6,548	-	38,930	-	2,620	-	82,098
Capitalized repair works on right-of-use assets	-	-	-	-	7,096	-	-	-	7,096
Disposals	-	(8)	(2,206)	-	(5,351)	-	(260)	-	(7,825)
Depreciation charge	234	(16,417)	(8,359)	-	(33,160)	-	(2,757)	-	(60,459)
Depreciation and impairment on disposals	(3,635)	8	291	-	5,244	-	161	-	2,069
Net book value at June 30, 2021 (unaudited)	39,629	22,522	67,747	-	372,610	-	30,499	-	533,007
Historical cost of right-of-use assets under lease agreements	56,071	39,703	108,246	-	634,418	-	38,091	-	876,529
Accumulated depreciation and impairment of right-of-use assets under lease agreements	(16,442)	(17,181)	(40,499)	-	(261,808)	-	(7,592)	-	(343,522)
Net book value at June 30, 2021 (unaudited)	39,629	22,522	67,747	-	372,610	-	30,499	-	533,007
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 June 30, 2021 property, plant and equipment with net book value of 931,697 million tenge was pledged as collateral for some of the Group’s borrowings (December 31, 2020: 959,895 million tenge).

As at June 30, 2021 the cost of fully amortised property, plant and equipment of the Group was equal to 1,179,501 million tenge (December 31, 2020: 1,320,644 million tenge).

For the six months ended June 30, 2021 the Group capitalized borrowing costs at an average interest rate of 3.47% in the amount of 19,214 million tenge (*Note 17*) (for the six months ended June 30, 2020: at an average interest rate of 3.5% in the amount of 14,264 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	8,497	3,445	182	411	83	416	13,034
Additions	475	2,763	–	–	8,594	473	12,305
Disposals	(43)	–	–	–	(485)	(3)	(531)
Amortization charge	(22,769)	(17,760)	–	–	(9,713)	(2,886)	(53,128)
Accumulated amortization on disposals	43	–	–	–	374	2	419
Transfer from/(to) assets classified as held for sale	–	–	–	–	(52)	–	(52)
Transfers from/(to) property, plant and equipment	151	(539)	–	–	1,249	195	1,056
Transfer from other non-current assets	2,158	–	–	–	64	–	2,222
Other transfers and reclassifications	851	–	–	–	3,659	(4,510)	–
Net book value at June 30, 2021 (unaudited)	700,408	820,056	316,163	25,236	67,703	67,783	1,997,349
Historical cost	883,421	940,084	433,071	64,779	203,011	145,741	2,670,107
Accumulated amortization and impairment	(183,013)	(120,028)	(116,908)	(39,543)	(135,308)	(77,958)	(672,758)
Net book value at June 30, 2021 (unaudited)	700,408	820,056	316,163	25,236	67,703	67,783	1,997,349
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	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	3,087	-	3,087
Additions	5,754	484	6,238
Disposals	-	(4,970)	(4,970)
Depreciation and impairment on disposals	-	4,970	4,970
Impairment/write-off, net of reversal of impairment (Note 28)	(19,800)	-	(19,800)
Transfers from/(to) property, plant and equipment	(145)	-	(145)
Transfer from/(to) inventories	(1,441)	-	(1,441)
Net book value at June 30, 2021 (unaudited)	327,197	28,135	355,332
Historical cost	350,635	31,340	381,975
Accumulated impairment	(23,438)	(3,205)	(26,643)
Net book value at June 30, 2021 (unaudited)	327,197	28,135	355,332
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:

	June 30, 2021		December 31, 2020	
	(unaudited)	(unaudited)	(audited)	(audited)
	Carrying amount	Percentage ownership	Carrying amount	Percentage ownership
<i>In millions of tenge</i>				
Joint ventures				
Tengizchevroil LLP	3,041,035	20.00%	2,793,887	20.00%
Asian Gas Pipeline LLP	371,825	50.00%	291,086	50.00%
Beineu-Shymkent Gas Pipeline LLP	1,772,244	50.00%	156,771	50.00%
Mangistau Investments B.V.	169,399	50.00%	142,585	50.00%
KazRosGas LLP	87,182	50.00%	76,702	50.00%
Forum Muider B. V.	48,265	50.00%	42,437	50.00%
Ural Group Limited BVI	42,570	50.00%	44,585	50.00%
KazGerMunay LLP	30,013	50.00%	32,840	50.00%
Other	150,296		150,741	
Total joint ventures	4,112,829		3,731,634	
Associates				
Kazzinc LLP	519,961	29.82%	531,591	29.82%
Caspian Pipeline Consortium	452,113	20.75%	478,134	20.75%
PetroKazakhstan Inc. (“PKI”)	84,955	33.00%	78,636	33.00%
JV KATCO LLP	62,730	49.00%	55,845	49.00%
Other	103,598		109,836	
Total associates	1,223,357		1,254,042	
	5,336,186		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 31)	510,801
Additional contributions without change in ownership	1,925
Other comprehensive income, other than foreign currency translation	637
Discount on loans issued	2,020
Dividends received	(189,615)
Change in dividends receivable	(39,563)
Impairment (Note 28)	(2,722)
Disposals	(89)
Acquisitions	1,091
Foreign currency translation	65,808
Other changes in equity of joint ventures and associates	217
Balance as at June 30, 2021 (unaudited)	5,336,186

10. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprised the following:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Bank deposits	400,701	370,845
Loans to credit institutions	96,511	122,217
Less: allowance for expected credit losses	(3,085)	(3,490)
Amounts due from credit institutions, net	494,127	489,572
Less: current portion	(375,413)	(354,257)
Non-current portion	118,714	135,315

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Rating from A+(A1) to A-(A3)	188,135	124,409
Rating from BBB+(Baa1) to BBB(Baa2)	–	1,608
Rating from BBB-(Baa3) to BB-(Ba3)	246,502	284,997
Rating from B+(B1) to B-(B3)	59,490	78,558
	494,127	489,572

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	Weighted average interest rate	December 31, 2020 (audited)	Weighted average interest rate
Amounts due from credit institutions, denominated in US dollars	354,900	0.32%	308,948	0.47%
Amounts due from credit institutions, denominated in tenge	139,225	5.41%	180,623	3.46%
Amounts due from credit institutions, denominated in other currencies	2	1.9%	1	0.70%
	494,127		489,572	

As at June 30, 2021 amounts due from credit institutions included funds of 8,992 million tenge pledged as collateral for certain Group’s borrowings (December 31, 2020: 12,031 million tenge).

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

11. OTHER FINANCIAL ASSETS

Other financial assets comprised the following:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Financial assets at fair value through other comprehensive income, including	34,840	56,830
Bonds of Kazakhstani financial institutions	21,124	42,331
Corporate bonds	6,647	6,135
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	5,145	6,492
Treasury notes of foreign governments	1,865	1,810
Equity securities	59	62
Financial assets at amortized cost, including	764,955	683,618
Bonds of Kazakhstani financial institutions	351,415	333,082
Corporate bonds	107,111	104,700
Notes of the National Bank of the Republic of Kazakhstan	42,673	62,295
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	1,858	1,834
Other financial assets at amortized cost, including:		
<i>Restricted cash</i>	163,886	170,135
<i>Other accounts receivable</i>	147,865	114,510
<i>Dividends receivable</i>	34,919	3,427
<i>Reservation of cash for payment of borrowings</i>	32,799	–
<i>Amounts due from employees</i>	11,213	12,441
<i>Other</i>	10,405	10,730
Less: allowance for expected credit losses	(139,189)	(129,536)
Financial assets at fair value through profit or loss, including	70,070	62,361
Equity securities	60,135	56,955
Options	4,829	1,048
Corporate bonds	3,816	3,508
Bonds of Kazakhstani financial institutions	772	753
Forward and futures contracts	518	97
Total financial assets	869,865	802,809
Less: current portion	(255,928)	(188,427)
Non-current portion	613,937	614,382

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

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Financial assets, denominated in tenge	659,154	618,107
Financial assets, denominated in US dollars	166,828	149,242
Financial assets, denominated in euro	31,279	29,363
Financial assets, denominated in rubles	3,957	14
Financial assets, denominated in other currency	3,300	4,938
	864,518	801,664

As at June 30, 2021, the Group made reservation of cash in amount of 32,799 million tenge for repayment of loan from the Export-Import Bank of China in July 2021 in accordance with the payment schedule, including interest accrued.

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

12. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Advances paid for non-current assets	248,071	217,889
Long-term VAT receivable	182,583	194,145
Long-term inventories	61,794	67,306
Prepaid expenses	14,695	10,521
Other	27,169	24,166
Less: impairment allowance	(66,752)	(66,120)
	467,560	447,907

13. INVENTORIES

Inventories comprised the following:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, * 2020 (audited)
Uranium products (<i>at lower of cost and net realizable value</i>)	182,903	183,360
Production materials and supplies (<i>at lower of cost and net realizable value</i>)	63,740	65,869
Oil refined products for sale (<i>at lower of cost and net realizable value</i>)	54,439	56,712
Crude oil (<i>at cost</i>)	45,871	34,151
Work in progress (<i>at lower of cost and net realizable value</i>)	45,778	45,104
Oil and gas industry materials and supplies (<i>at cost</i>)	41,404	38,196
Goods for resale (<i>at lower of cost and net realizable value</i>)	34,996	60,180
Gas processed products (<i>at cost</i>)	21,497	32,841
Railway industry materials and supplies (<i>at cost</i>)	17,900	15,010
Fuel (<i>at lower of cost and net realizable value</i>)	17,064	20,489
Aircraft spare parts (<i>at cost</i>)	14,389	13,308
Electric transmission equipment spare parts (<i>at cost</i>)	5,313	4,845
Uranium industry materials and supplies (<i>at lower of cost and net realizable value</i>)	3,223	1,841
Telecommunication equipment spare parts (<i>at lower of cost and net realizable value</i>)	2,123	1,805
Other materials and supplies (<i>at lower of cost and net realizable value</i>)	68,447	52,652
	619,087	626,363

Uranium products and goods for resale as at 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 22, 23) and further revalued in accordance with the changes of market prices for inventory. During the current period, 2020 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>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Trade accounts receivable	903,737	714,328
Less: allowance for expected credit losses	(56,678)	(47,221)
	847,059	667,107

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

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

Other current assets comprised the following:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Advances paid and deferred expenses	129,533	89,778
Other prepaid taxes	74,791	84,595
Other non-financial current assets	25,518	24,798
Less: impairment allowance	(15,200)	(14,402)
	214,642	184,769

As at June 30, 2021 the Group’s receivables of 218,733 million tenge were pledged under certain Group borrowings (December 31, 2020: 156,111 million tenge).

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Current accounts with banks – US dollars	731,051	701,048
Current accounts with banks – tenge	298,174	248,087
Current accounts with banks – other currency	33,758	44,149
Bank deposits – US dollars	773,244	740,940
Bank deposits – tenge	660,032	405,360
Bank deposits – other currency	32,703	55,743
Cash in transit	143,432	8,185
Reverse repurchase agreements and other treasury securities with contractual maturity of three months or less	74,797	15,421
Cash on hand	9,494	9,057
Less: allowance for expected credit losses	(703)	(321)
	2,755,982	2,227,669

Within the framework of diversification, the Group continues to place part of its free liquidity in money market instruments, such as auto REPO secured by government securities (government securities) and other treasury securities with maturities of up to 3 months.

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 June 30, 2021 the weighted average interest rates for short-term bank deposits were 7.85% in tenge, 0.30% in US dollars, 0.01-2.85% in other currency; and current accounts were 1.48% in tenge, 0.26% in USD dollars, 0.59-0.76% 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, 0.01-1.14% 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 Dividends

Dividends attributable to non-controlling interest

During the six months ended June 30, 2021, the Group declared dividends of 84,514 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 six months ended June 30, 2021 equaled 40,787 million tenge.

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

16. EQUITY (continued)

16.2 Other distributions to the Shareholder

Social projects financing

During the six months ended June 30, 2021 in accordance with the Shareholder’s resolution, the Fund 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 June 30, 2021, these liabilities were fully paid off.

Also, during the six months ended June 30, 2021 in accordance with the Shareholder’s resolutions, the Fund recognised liabilities for financing of various social sport projects for the amount 16,239 million tenge as other distributions to the Shareholder in the consolidated statement of changes in equity. These liabilities were fully settled as of June 30, 2021.

16.3 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.

16.4 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 six months ended June 30, 2021 foreign translation difference amounted to 160,461 million tenge.

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 six months ended June 30, 2021 of 64,113 million tenge resulting from translation of these borrowings were transferred to currency translation reserve recognized in other comprehensive income.

16.5 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>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Total assets	28,719,408	27,482,846
Less: intangible assets	(1,997,349)	(2,022,024)
Less: total liabilities	(12,652,653)	(12,331,231)
Net assets for common shares	14,069,406	13,129,591
Number of common shares	3,481,960,408	3,481,960,408
Book value per common share, tenge	4,041	3,771

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

16. EQUITY (continued)

16.5 Book value per share (continued)

Earnings per share

<i>In tenge</i>	For the six months ended June 30, 2021 (unaudited)	For the six months ended June 30, 2020 (unaudited)
Weighted average number of common shares for basic and diluted earnings per share	3,481,958,658	3,481,958,039
Basic and diluted share in net profit for the period per share	266.57	50.69

17. BORROWINGS

Borrowings, including interest payable, comprised the following:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Fixed interest rate borrowings	6,264,950	6,026,196
Floating interest rate borrowings	1,400,362	1,433,004
	7,665,312	7,459,200
Less: amounts due for settlement within 12 months	(1,095,073)	(850,210)
Amounts due for settlement after 12 months	6,570,239	6,608,990

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
US dollar-denominated borrowings	5,072,207	4,908,083
Tenge-denominated borrowings	1,871,850	1,893,815
Other currency-denominated borrowings	721,255	657,302
	7,665,312	7,459,200

Changes in borrowings are as follows:

<i>In millions of tenge</i>	
Balance as at January 1, 2021 (audited)	7,459,200
Received by cash	525,417
Purchase of property plant and equipment financed by borrowings	7,882
Interest accrued	221,465
Discount (Note 30)	(10)
Amortization of discount	7,154
Interest capitalized (Note 6)	19,214
Interest paid	(241,635)
Repayment of principal	(422,904)
Foreign currency translation	89,878
Other	(349)
Balance as at June 30, 2021 (unaudited)	7,665,312

* 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.

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

17. BORROWINGS (continued)

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

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
NC KMG and its subsidiaries	4,058,610	4,017,810
NC KTZh and its subsidiaries	1,443,525	1,444,085
UCC and its subsidiaries	676,817	516,888
The Fund	588,182	553,217
Kazakhtelecom and its subsidiaries	263,135	284,527
Samruk-Energy and its subsidiaries	202,627	196,075
KEGOC and its subsidiaries	162,478	100,611
EGRES-2	100,608	97,827
NAC KAP and its subsidiaries	89,845	161,034
Air Astana	55,434	69,035
Other subsidiaries of the Fund	24,051	18,091
Total borrowings	7,665,312	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 June 30, 2021.

On March 13, 2021, a meeting of the EDB Board was held, at which the conclusion of an additional agreement to the loan agreement with SSAP was approved. In case an additional agreement is signed by August 20, 2021, the EDB will not apply penalties for non-performance of financial indicators (covenants) at the end of 2020.

As of the date of these interim condensed financial statements, the parties have not signed an additional agreement as the Group has decided that there is no need to convert the loan currency and sign additional financial agreements. SSAP LLP sent a letter to the EDB on the withdrawal of the above request, to which an official response from the EDB has not been received as of the current date.

A meeting of the EDB authorized body is expected on the issue of making a decision on the application of penalties to SSAP LLP and United Chemical Company LLP.

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

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

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>	June 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	551,032	541,754
Loans from the Government of the Republic of Kazakhstan	29,533	51,468
	580,565	593,222
Less: amounts due for settlement within 12 months	(13,411)	(30,773)
Amounts due for settlement after 12 months	567,154	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.

For the six months ended June 30, 2021 KMG Kashagan B.V. has partially settled the prepayments by oil supply in the total amount of 593 million US dollars (equivalent to 251,420 million tenge).

The total amount of accrued remuneration for the six months ended June 30, 2021 was 3,041 million tenge (for the six months ended June 30, 2020: 8,651 million tenge) (Note 29). Payment of remuneration shall be made in kind with crude oil.

As of June 30, 2021, KMG Kashagan B.V. did not have the long-term part of the prepayment under the contract for the supply of crude oil (as of December 31, 2020: 185,680 million tenge) due to the fact that the balance of the advance payment in the amount of 127,588 million tenge as of June 30, 2021 is planned to be fully repaid by the volumes of oil that will delivered until the end of November 2021.

In accordance with the terms of agreement, KMG Kashagan B.V. must ensure the supplied volume of crude oil is unencumbered.

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	
	June 30, 2021 (unaudited)	December 31, 2020 (audited)	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Within one year	164,395	139,234	144,345	118,878
Two to five years inclusive	356,623	343,809	294,447	288,224
After five years	165,816	138,253	112,512	108,217
	686,834	621,296	551,304	515,319
Less: amounts representing finance costs	(135,530)	(105,977)	–	–
Present value of minimum lease payments	551,304	515,319	551,304	515,319
Less: amounts due for settlement within 12 months			(144,345)	(118,878)
Amounts due for settlement after 12 months			406,959	396,441

As at June 30, 2021 interest calculation was based on effective interest rates ranging from 4.01% to 14.54% (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	72,152
Foreign currency translation	6,549
Interest accrued (Note 29)	19,881
Interest paid	(14,341)
Repayment of principal	(47,755)
Other	(501)
June 30, 2021 (unaudited)	551,304

21. PROVISIONS

Provisions comprised the following:

<i>In millions of tenge</i>	Asset retirement obligations	Provision for environmental remediation	Provision for taxes	Provision for construction of social objects	Other	Total
Provision at January 1, 2021 (audited)	306,100	68,679	10,435	3,872	78,815	467,901
Foreign currency translation	1,762	656	106	–	1,277	3,801
Transfer to liabilities associated with assets classified as held for sale or distribution to the Shareholder	159	–	–	–	–	159
Change in estimate	(11,976)	(599)	–	–	(46)	(12,621)
Unwinding of discount	8,769	992	–	–	115	9,876
Provision for the year	633	220	1,642	–	15,450	17,945
Use of provision	(105)	(1,267)	(474)	(869)	(6,386)	(9,101)
Reversal of unused amounts	(672)	–	(13)	–	(522)	(1,207)
Provision at June 30, 2021 (unaudited)	304,670	68,681	11,696	3,003	88,703	476,753

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

21. PROVISIONS (continued)

Current portion and non-current portion of provisions are presented as follows:

<i>In millions of tenge</i>	Asset retirement obligations	Provision for environmental remediation	Provision for taxes	Provision for construction of social objects	Other	Total
Current portion	2,030	8,190	10,435	3,872	56,453	80,980
Non-current portion	304,070	60,489	-	-	22,362	386,921
Provision at December 31, 2020 (audited)	306,100	68,679	10,435	3,872	78,815	467,901
Current portion	2,491	5,442	11,696	3,003	64,666	87,298
Non-current portion	302,179	63,239	-	-	24,037	389,455
Provision at June 30, 2021 (unaudited)	304,670	68,681	11,696	3,003	88,703	476,753

Other provisions as at June 30, 2021 included provisions for aircraft maintenance for the amount of 44,176 million tenge (December 31, 2020: 34,965 million tenge) and gas transportation provision of 31,276 million tenge (December 31, 2020: 30,766 million tenge).

22. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities comprised the following:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Other financial liabilities		
Obligations under guarantee agreements	44,099	47,200
Accounts payable	46,664	21,536
Historical costs associated with obtaining subsoil use rights	11,884	11,922
Other	15,161	17,355
Other non-financial liabilities		
Contract liabilities to customers	38,389	6,937
Advances received and deferred income	31,067	27,055
Liabilities under inventory loan agreements (Note 13)	10,979	-
Government grant liability	14	29
Other	10,360	6,051
	208,617	138,085

23. TRADE AND OTHER PAYABLES, AND OTHER CURRENT LIABILITIES

Trade and other payables comprised the following:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Trade accounts payable	745,234	731,348
Accounts payable for the supply of property, plant and equipment	99,356	82,722
Other accounts payable	17,595	14,188
	862,185	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)
Tenge-denominated trade accounts payable	357,264	413,111
US dollar-denominated trade accounts payable	330,071	239,608
Other currency-denominated trade accounts payable	57,899	78,629
	745,234	731,348

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

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

Other current liabilities comprised the following:

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Other financial liabilities		
Due to employees	52,706	35,181
Dividends payable	43,897	477
Amounts due to customers	41,537	40,364
Obligations to the Shareholder on the financing of social projects	36,297	54,027
Obligations under guarantee agreements	5,779	6,174
Other	25,994	30,445
Other non-financial liabilities		
Contract liabilities to customers	236,060	228,774
Other taxes payable	188,767	179,929
Vacation and other employee benefits allowance	64,965	87,479
Advances received and deferred income	17,256	11,971
Pension and social contributions liabilities	14,779	16,750
Government grant liability	8,896	197
Amounts due under uranium swap contracts	5,136	11,588
Liabilities under inventory loan agreements (Note 13)	5	10,522
Other	39,266	38,153
	781,340	752,031

24. REVENUE

<i>In millions of tenge</i>	For the three months ended June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Sales of crude oil	883,686	362,381	1,636,713	979,788
Sales of oil refined products	716,728	337,322	1,256,969	821,188
Railway cargo transportation	309,589	259,879	576,129	499,969
Sales of refined gold	182,336	138,824	312,749	261,378
Sales of gas products	181,229	156,594	391,533	442,830
Sales of uranium products	173,292	87,312	223,079	142,645
Telecommunication services	141,834	122,462	278,274	244,935
Oil and gas transportation fee	81,500	65,513	159,461	147,541
Electricity complex	79,737	49,363	169,351	122,336
Air transportation	78,773	14,627	136,825	78,015
Electricity transmission services	76,899	70,453	145,843	139,808
Oil processing fees	55,296	41,213	101,980	92,001
Interest revenue	14,763	11,784	31,723	24,224
Railway passenger transportation	13,105	3,543	24,021	21,675
Postal services	11,399	9,822	23,181	19,325
Other revenue	92,584	78,087	176,960	167,689
Less: quality bank for crude oil	(2,603)	1,237	(2,842)	(1,650)
Less: indirect taxes and commercial discounts	(167,463)	(106,016)	(307,244)	(218,983)
	2,922,684	1,704,400	5,334,705	3,984,714

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

24. REVENUE (continued)

	For the three months ended June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<i>In millions of tenge</i>				
Geographical markets				
Kazakhstan	1,186,140	905,893	2,218,054	1,895,485
Other countries	1,736,544	798,507	3,116,651	2,089,229
	2,922,684	1,704,400	5,334,705	3,984,714

25. COST OF SALES

	For the three months ended June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<i>In millions of tenge</i>				
Materials and supplies	1,253,966	570,850	2,202,382	1,472,765
Depreciation, depletion and amortization	250,426	228,090	491,749	461,466
Personnel costs, including social tax and contributions	235,534	213,189	469,737	425,210
Fuel and energy	99,938	70,818	200,493	174,431
Repair and maintenance	65,791	60,674	118,351	113,826
Production services received	59,966	54,530	103,289	114,113
Mineral extraction tax	32,550	20,589	57,748	44,402
Taxes other than social taxes and withdrawals	27,253	22,808	52,305	49,312
Transportation expenses	16,607	10,651	32,431	21,568
Communication services	12,563	11,571	24,322	24,433
Interest expense	10,425	12,592	29,401	33,928
Rent	10,064	13,429	19,559	33,662
Security services	6,066	5,113	11,804	10,341
Other	56,134	52,282	105,046	117,560
	2,137,283	1,347,186	3,918,617	3,097,017

26. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<i>In millions of tenge</i>				
Personnel costs, including social tax and contributions	46,829	45,249	95,629	94,871
Depreciation and amortization	8,969	9,125	18,566	17,742
Audit and consulting services	8,378	7,393	14,088	14,855
Allowance for expected credit losses for trade receivable and other assets	8,097	1,491	10,264	1,269
Taxes other than social taxes and withdrawals	6,381	10,732	14,190	18,339
Sponsorship and charitable donations	3,653	1,066	6,503	2,260
Repair and maintenance	1,816	1,791	3,091	2,975
Other services by third parties	1,528	1,252	2,620	2,526
Rent	972	1,528	2,164	2,744
Business trips	873	311	1,522	1,568
Fines and penalties	786	587	895	894
Utilities expenses and maintenance of buildings	636	833	1,564	1,888
Communication services	605	482	1,430	1,058
Transportation services	599	510	1,155	1,211
Bank services	546	414	994	867
Professional education and advanced trainings	366	242	705	579
Other	15,529	13,257	26,945	27,670
	106,563	96,263	202,325	193,316

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

27. TRANSPORTATION AND SELLING EXPENSES

<i>In millions of tenge</i>	For the three months ended June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Transportation	113,148	106,296	238,457	230,951
Custom duties	29,320	10,401	50,054	41,622
Rent tax	29,074	(123)	55,583	19,474
Depreciation and amortization	4,983	3,938	9,149	7,731
Personnel costs, including social tax and contributions	4,256	3,700	8,495	7,774
Commission fees to agents and advertising	4,258	2,739	6,914	7,155
Rent expenses	1,775	1,510	3,340	2,412
Other	7,597	6,068	14,143	12,876
	194,411	134,529	386,135	329,995

28. IMPAIRMENT LOSS

<i>In millions of tenge</i>	For the three months ended June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Impairment / (reversal of impairment) of assets held for sale	3,788	28	3,788	(133)
Expected credit losses on other financial assets	1,639	344	1,792	718
Impairment of investments in joint ventures and associates (Note 9)	1,440	3,954	2,722	50,624
Accrual/(reversal) of expected credit losses on loans issued	714	133	328	(558)
Accrual/(reversal) of expected credit losses on cash and cash equivalents	312	70	381	(263)
Impairment/(reversal of impairment) of VAT receivable	275	(10)	(1,379)	593
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets	174	174,010	20,011	235,269
Reversal of expected credit losses on amounts in credit institutions	(580)	(656)	(402)	(493)
Other	(234)	(2,153)	386	(2,207)
	7,528	175,720	27,627	283,550

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 June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
CGUs of KMGI	–	159,009	–	159,009
Embamunaigas (EMG)	–	–	–	60,440
Write-off of brownfields of KazMunayGas Exploration Production (“KMG EP”) (Note 8)	–	–	19,800	–
Others	174	15,001	211	15,820
	174	174,010	20,011	235,269

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

28. IMPAIRMENT LOSS (continued)

CGUs of KMG I

As of June 30, 2020, KMG International N.V. (further KMG I), the Group subsidiary, performed impairment tests of its CGUs.

As a result of the test performed, KMG I recognized impairment loss of property, plant and equipment and intangible assets of 152,244 million tenge and 6,765 million tenge, respectively.

EMG CGU

As of June 30, 2020, Embamunaigas (EMG), subsidiary of KazMunayGas Exploration Production JSC (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 six months ended June 30, 2020.

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

Write-off of brownfields KMG EP

During the six months ended June 30, 2021, EMG partially reduced the contract area of Taisoigan and wrote off related exploration expenses of 19,800 million tenge.

29. FINANCE COSTS

<i>In millions of tenge</i>	For the three months ended June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Interest on loans and debt securities issued	110,915	106,262	218,587	211,048
Interest on lease liabilities (Note 20)	10,375	8,790	19,881	17,308
Amortization of discount on provisions and other payables	5,425	5,437	10,208	10,219
Interest under oil supply agreement (Note 19)	1,302	3,413	3,041	8,651
Revaluation loss on financial assets at fair value through profit/loss	1,002	2,326	3,473	2,507
Finance costs for the early redemption of bonds	–	24,221	–	24,221
Financial guarantees	–	11,194	–	11,696
Other	5,825	2,137	13,459	23,679
	134,844	163,780	268,649	309,329

30. FINANCE INCOME

<i>In millions of tenge</i>	For the three months ended June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Interest income on amounts due from credit institutions and cash and cash equivalents	15,930	16,169	28,216	33,040
Income from loans and financial assets	7,764	9,880	14,914	19,226
Revaluation gain on financial assets at fair value through profit/loss	5,243	2,236	8,874	3,132
Income from financial guarantees	2,179	2,284	3,788	4,570
Unwinding of discount on long-term receivables	473	707	1,251	1,148
Income from subsidized interest rates on financial liabilities	241	14,396	361	14,748
Discount on liabilities at rates below market (Note 17)	–	244	10	11,532
Other	2,087	6,110	3,202	8,927
	33,917	52,026	60,616	96,323

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

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

<i>In millions of tenge</i>	For the three months ended June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Tengizchevroil LLP	109,664	5,563	199,005	69,514
Asian Gas Pipeline LLP	65,007	80,848	120,824	76,566
Caspian Pipeline Consortium	17,316	20,540	39,321	40,664
Beineu-Shymkent Pipeline LLP	16,428	31,906	36,173	24,139
Kazzinc LLP	16,402	11,811	42,966	15,361
Mangistau Investments B.V.	14,740	(1,359)	26,794	4,755
KazRosGas LLP	7,320	7,909	9,165	1,468
JV KATCO LLP	7,270	7,297	6,885	12,331
Kazakhstan – China Pipeline LLP	4,231	7,535	6,881	4,222
JV Kazgermunai LLP	3,846	2,949	4,099	8,955
PetroKazakhstan Inc.	3,725	4,629	5,832	7,347
“United Transport and Logistics Company – Eurasian Rail Alliance” JSC	3,167	2,414	5,241	3,125
Forum Muider B, V,	2,023	3,506	5,900	7,437
Valseira Holdings B.V.	636	7,255	4,551	(4,020)
Ural Group Limited BVI	(3,473)	(2,486)	(5,220)	(4,952)
AstanaGas KMG JSC	(3,863)	(3,791)	(7,751)	(7,208)
Other	8,035	14,971	10,135	16,549
	272,474	201,497	510,801	276,253

32. INCOME TAX EXPENSES

<i>In millions of tenge</i>	For the three months ended June 30		For the six months ended June 30	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Current income tax expenses				
Corporate income tax (“CIT”)	86,736	38,021	153,392	89,755
Withholding tax on dividends and interest income	6,197	5,145	7,263	9,049
Excess profit tax	38	(241)	38	(208)
Deferred income tax expense/(benefit)				
Corporate income tax (“CIT”)	24,399	(23,136)	37,044	(26,367)
Withholding tax on dividends and interest income	16,450	108	29,851	9,701
Excess profit tax	(9)	(18)	(11)	3,447
Income tax expenses	133,811	19,879	227,577	85,377

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

33. CONSOLIDATION

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

	Main activity	Country of incorporation	Ownership percentage	
			June 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%

34. 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.

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

34. RELATED PARTY DISCLOSURES (continued)

The following table provides the total amount of transactions, which have been entered into with related parties during the six months ended June 30, 2021 and 2020 and the related balances as at June 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	June 30, 2021	8,861	30,580	23,446
	December 31, 2020	3,008	29,132	22,639
Due to related parties	June 30, 2021	31,190	214,893	10,126
	December 31, 2020	27,742	218,085	9,163
Sale of goods and services	June 30, 2021	122,494	194,731	365,335
	June 30, 2020	58,462	150,628	312,162
Purchase of goods and services	June 30, 2021	92,926	846,281	16,128
	June 30, 2020	85,391	562,616	12,529
Other income/(loss)	June 30, 2021	(143)	4,666	2,289
	June 30, 2020	8,087	15,529	(206)
Cash and cash equivalents, and amounts due from credit institutions	June 30, 2021	–	157	153,688
	December 31, 2020	–	242	262,012
Loans issued	June 30, 2021	10,091	308,805	5,725
	December 31, 2020	17,279	313,509	5,559
Borrowings	June 30, 2021	15,684	4	977,106
	December 31, 2020	14,004	4	1,065,166
Other assets	June 30, 2021	29,689	25,705	160,706
	December 31, 2020	6,833	16,802	158,936
Other liabilities	June 30, 2021	40,425	98,102	49,093
	December 31, 2020	65,329	46,634	39,063
Interest accrued due from related parties	June 30, 2021	5,209	12,131	7,075
	June 30, 2020	3,253	15,876	16,717
Interest accrued due to related parties	June 30, 2021	2,404	354	40,131
	June 30, 2020	8,690	230	50,789

As at June 30, 2021 some of the Group’s borrowings in the amount of 44,866 million tenge were guaranteed by the Government of the Republic of Kazakhstan (as at December 31, 2020: 48,121 million tenge).

For the six months ended June 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 3,545 million tenge (for the six months ended June 30, 2020: 3,265 million tenge). Compensation to key management personnel consists primarily of contractual salary and performance bonus based on operating results.

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

35. 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 June 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	June 30, 2021 (unaudited)
Financial instruments category				
Assets				
Loans issued at fair value through profit and loss	–	–	141,679	141,679
Financial assets measured at fair value through OCI	2,339	32,441	60	34,840
Financial assets at fair value through profit and loss	38,259	3,873	22,591	64,723
Derivative financial assets	–	3,780	1,567	5,347
<hr/>				
<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)**

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As at June 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>	June 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	276,088	299,163	-	22,015	277,148
Amounts due from credit institutions	494,127	511,553	294,339	217,214	-
Financial liabilities					
Borrowings	7,665,312	8,444,321	5,057,074	2,368,461	1,018,786
Loans from the Government of the Republic of Kazakhstan	580,565	383,531	-	383,531	-
Guarantee obligations	49,878	48,427	-	35,166	13,261

<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 June 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%	1.9-13%
Financial guarantee issued			4.1%-12.4%	4.9%-12.4%

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

36. 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 six months ended June 30, 2021:

Cost recovery audits

As at June 30, 2021 the Group’s share in the total disputed amounts of costs is 970,686 million tenge (December 31, 2020: 871,407 million tenge). The Group and its partners under the production sharing agreements are in negotiation with the Government of the Republic of Kazakhstan with respect to the recoverability of these costs.

Kazakhstan local market obligation

During six months ended June 30, 2021, in accordance with its obligations, the Group, including joint ventures, delivered 3,396 thousand tons of crude oil (six months ended June 30, 2020: 3,048 thousand tons) to the Kazakhstan market.

Oil supply commitments

As at June 30, 2021 the Group had commitments under the oil supply agreement in the amount of 9.4 million ton to be delivered till March 2021 (December 31, 2020: 13.5 million ton).

Commitments under oilfield and mining field licenses and subsurface use contracts

As at June 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	448,309	149,592
2022	250,953	132,069
2023	192,289	95,211
2024	227,498	95,370
2025-2058	2,865,760	1,566,064
Total	3,984,809	2,038,306

Capital commitments

As at June 30, 2021 the Group, including its joint ventures, had capital commitments of approximately 2,747,958 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)

36. 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 autumn 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 June 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. For the six months ended June 30, 2021 the parties reached an agreement on the recalculation of contract price.

As of June 30, 2021, in accordance with the Decision KTG received the payment from the partners of the North Caspian project in total amount of 112,058 million tenge including VAT (equivalent to 262 million US dollars) and adjusted the cost of purchased gas for resale for 85,396 million tenge (equivalent to 200 million US dollars).

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

37. SEGMENT REPORTING

The following table represents information about profit and loss, assets and liabilities of operating segments of the Group as at June 30, 2021 and for the six 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	3,369,535	552,606	756,104	302,145	307,502	14,566	24,898	7,349	-	5,334,705
Revenues from sales to other segments	13,380	34	2,131	2,144	71,659	3,130	255,571	16,244	(364,293)	-
Total revenue	3,382,915	552,640	758,235	304,289	379,161	17,696	280,469	23,593	(364,293)	5,334,705
Geographical markets										
Kazakhstan	612,438	327,665	664,384	293,141	366,487	14,170	280,469	23,593	(364,293)	2,218,054
Other countries	2,770,477	224,975	93,851	11,148	12,674	3,526	-	-	-	3,116,651
Gross profit	955,323	81,810	205,131	109,647	107,054	4,028	248,100	10,924	(286,940)	1,435,077
General and administrative expenses	(84,742)	(18,008)	(50,167)	(25,410)	(13,289)	(2,724)	(12,772)	(1,686)	6,473	(202,325)
Transportation and selling expenses	(374,185)	(3,687)	(3,005)	(5,478)	(6,547)	(700)	-	-	7,467	(386,135)
Finance income	46,134	4,589	8,579	3,231	5,331	836	12,068	9,899	(30,051)	60,616
Finance costs	(144,769)	(3,300)	(77,117)	(24,108)	(26,915)	(2,988)	(15,734)	(16,554)	42,836	(268,649)
Share in profits/(loss) of joint ventures and associates	450,426	56,965	5,088	-	6,032	(100)	(7,612)	2	-	510,801
Foreign exchange (loss)/gain, net	(834)	2,923	(12,480)	1,599	95	(9,966)	18,144	(574)	(411)	(1,504)
Income tax expenses	(151,876)	(16,523)	(18,570)	(19,056)	(15,683)	(51)	(1,258)	(1,228)	(3,332)	(227,577)
Net profit/(loss) for the period	694,626	100,461	65,116	55,571	56,527	(12,528)	237,910	944	(270,442)	928,185
Other segment information										
Total assets of the segment	17,594,488	2,472,897	3,968,099	1,212,688	1,629,310	1,094,069	7,961,902	359,501	(7,573,546)	28,719,408
Total liabilities of the segment	6,533,545	546,155	2,731,226	623,584	776,893	840,859	1,741,117	223,384	(1,364,110)	12,652,653
Investments in joint ventures and associates	4,580,129	638,912	24,293	-	84,995	5,208	34,974	16	(32,341)	5,336,186

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

37. SEGMENT REPORTING (continued)

The following table represents information about profit and loss of operating segments of the Group for the six months ended June 30, 2020 and assets and liabilities as at December 31, 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	2,386,463	416,119	617,004	263,534	263,966	5,359	19,432	12,837	-	3,984,714
Revenues from sales to other segments	15,794	95	1,756	2,365	55,873	4,736	228,229	5,106	(313,954)	-
Total revenue	2,402,257	416,214	618,760	265,899	319,839	10,095	247,661	17,943	(313,954)	3,984,714
Geographical markets										
Kazakhstan	544,513	272,114	556,142	256,838	306,793	7,435	247,661	17,943	(313,954)	1,895,485
Other countries	1,857,744	144,100	62,618	9,061	13,046	2,660	-	-	-	2,089,229
Gross profit	546,648	71,203	118,607	86,385	90,911	1,390	211,433	8,197	(236,033)	898,741
General and administrative expenses	(87,874)	(12,818)	(48,492)	(21,676)	(13,162)	(2,447)	(9,098)	(1,782)	4,033	(193,316)
Transportation and selling expenses	(317,282)	(4,988)	(2,683)	(5,646)	(5,821)	(543)	-	-	6,968	(329,995)
Finance income	63,830	4,959	24,355	3,522	4,045	305	13,864	5,122	(23,679)	96,323
Finance costs	(149,017)	(7,612)	(108,436)	(26,238)	(28,117)	(2,984)	(18,154)	(5,836)	37,065	(309,329)
Share in profits/(loss) of joint ventures and associates	235,689	33,978	5,504	-	7,467	(71)	(6,314)	-	-	276,253
Foreign exchange gain/(loss), net	17,986	6,369	(22,570)	2,155	(1,694)	(14,973)	83,723	1,257	130	72,383
Income tax expenses	(31,548)	(23,229)	(1,030)	(11,992)	(12,585)	(52)	(1,746)	(2,212)	(983)	(85,377)
Net profit/(loss) for the period	10,700	86,704	(36,976)	27,980	38,244	(20,834)	278,798	4,271	(212,385)	176,502
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)

37. SEGMENT REPORTING (continued)

The following tables represents information about profit and loss of operating segments of the Group for the three months ended June 30, 2021 and June 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	1,819,099	366,514	408,918	153,751	150,458	8,832	12,418	2,694	-	2,922,684
Revenues from sales to other segments	4,266	9	1,075	995	37,862	1,642	245,681	4,670	(296,200)	-
Total revenue	1,823,365	366,523	409,993	154,746	188,320	10,474	258,099	7,364	(296,200)	2,922,684
Geographical markets										
Kazakhstan	307,627	192,025	375,112	148,561	185,014	8,538	258,099	7,364	(296,200)	1,186,140
Other countries	1,515,738	174,498	34,881	6,185	3,306	1,936	-	-	-	1,736,544
Gross profit	498,789	66,551	125,829	58,047	48,220	2,615	246,134	3,413	(251,391)	798,207
General and administrative expenses	(44,280)	(10,907)	(24,287)	(14,373)	(6,696)	(1,417)	(7,562)	(842)	3,801	(106,563)
Transportation and selling expenses	(187,242)	(2,084)	(1,628)	(3,392)	(2,546)	(392)	-	-	2,873	(194,411)
Finance income	24,488	3,173	5,003	1,793	2,806	415	9,775	5,358	(18,894)	33,917
Finance costs	(72,518)	(1,618)	(39,419)	(12,200)	(13,672)	(1,481)	(10,340)	(5,862)	22,266	(134,844)
Share in profits/(loss) of joint ventures and associates	241,186	30,232	2,887	-	1,995	(42)	(3,784)	-	-	272,474
Foreign exchange (loss)/gain, net	(4,336)	1,794	(15,942)	1,070	(446)	(4,422)	5,641	(983)	19	(17,605)
Income tax expenses	(86,539)	(12,108)	(13,427)	(11,694)	(7,129)	(34)	(435)	134	(2,579)	(133,811)
Net profit/(loss) for the period	381,438	70,929	44,989	32,715	20,473	(5,181)	237,621	637	(249,227)	534,394

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

37. 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	921,098	230,381	283,899	132,541	119,654	3,496	9,657	3,674	-	1,704,400
Revenues from sales to other segments	5,584	64	772	1,081	26,150	2,377	216,305	2,602	(254,935)	-
Total revenue	926,682	230,445	284,671	133,622	145,804	5,873	225,962	6,276	(254,935)	1,704,400
Geographical markets										
Kazakhstan	235,231	147,191	271,287	128,828	141,533	4,520	225,962	6,276	(254,935)	905,893
Other countries	691,451	83,254	13,384	4,794	4,271	1,353	-	-	-	798,507
Gross profit	179,167	42,471	67,498	44,551	32,211	1,054	211,798	3,444	(218,319)	363,875
General and administrative expenses	(43,319)	(5,825)	(23,872)	(10,247)	(7,525)	(1,232)	(5,311)	(921)	1,989	(96,263)
Transportation and selling expenses	(130,207)	(1,823)	(636)	(2,543)	(1,642)	(307)	-	-	2,629	(134,529)
Finance income	26,702	735	21,851	1,931	2,492	174	7,582	3,342	(12,783)	52,026
Finance costs	(74,050)	6,478	(71,857)	(13,011)	(15,252)	(1,494)	(9,259)	(4,119)	18,784	(163,780)
Share in profits/(loss) of joint ventures and associates	170,273	27,865	3,009	-	3,785	(41)	(3,394)	-	-	201,497
Foreign exchange (loss)/gain, net	(14,402)	(9,381)	68,426	(9,739)	12,366	32,550	(174,373)	(2,373)	(108)	(97,034)
Income tax expenses	(3,875)	(6,004)	2,692	(4,456)	(5,579)	(33)	(901)	(740)	(983)	(19,879)
Net (loss)/profit for the period	(59,430)	52,261	82,163	6,946	17,742	29,736	34,563	(1,712)	(210,888)	(48,619)

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

38. SUBSEQUENT EVENTS

Dividends received from joint ventures and associates

In July and August, 2021 the Group received dividends from Kazakhstan – China Pipeline LLP, KazGerMunay LLP, Caspian Pipeline Consortium and Mangistau Investments B.V. of 1,800 million tenge, 4,245 million tenge, 28 million US dollars (equivalent to 11,978 million tenge) and 36 million US dollars (equivalent to 15,427 million tenge), respectively.

On July 16, 2021 the Group received dividends for 2020 in the amount of 3,495 million tenge (equivalent to 606,686 thousand Russian roubles) from an associate UTLC ERA JSC.

Dividends paid to the holders of non-controlling interest

On August 3, 2021 the Group paid dividends to the National Bank of the Republic of Kazakhstan of 4,787 million tenge.

In July 2021 the Group paid dividends to the holders of non-controlling interest in NAC KAP of 37,521 million tenge.

Disposal of interest in subsidiaries that did not result in the loss of control

On July 22, 2021 the sale of 49% interest of NAC KAP in Ortalyk LLP was completed in accordance with sale and purchase agreement signed with CGNM UK Limited (a subsidiary of CGNPC). NAC KAP retains a 51% interest and CGNM UK Limited holds a 49% interest, with each participant purchasing a proportionate share of uranium production from the operation according to its interest.

The consideration received equaled 435 million US dollars (equivalent to 185,858 million tenge).

Other distributions to the Shareholder

On August 5, 2021 based on the Resolution of the Shareholder, the Group recognized liabilities for financing of various social projects for total amount of 4,731 million tenge as other distributions to the Shareholder in the consolidated statement of changes in equity.

Disposal of financial assets

On September 10, 2021 the Group sold 30,001 shares of Tin One Mining JSC in the amount of 14,256 million tenge to Berkut Mining LLP.

Incident at the Petromidia Refinery (further – Petromidia)

On July 2, 2021, an incident led to fire occurred at the Petromidia, subsidiary of KMG International N.V. Incident resulted in temporarily stoppage of the Refinery production until facilities damaged are recovered. KMG International N.V. conducts assessments to estimate the incident consequences and necessary period for recovery and safe resumption of Refinery production.