

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)****For the nine months ended September 30, 2021**

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**1. GENERAL**

Joint stock company “National Company “KazMunayGas” (the Company, JSC NC “KazMunayGas“ or Parent Company) is oil and gas enterprise of the Republic of Kazakhstan (RK), which was established on February 27, 2002 as a closed joint stock company pursuant to the Decree No. 811 of the President of the Republic of Kazakhstan dated February 20, 2002 and the resolution of the Government of the RK (further the Government) No. 248 dated February 25, 2002. The Company was formed as a result of the merger of closed joint stock companies “National Oil and Gas Company Kazakhoil” and “National Company Transport Nefti i Gaza”. As the result of the merger, all assets and liabilities, including ownership interest in all entities owned by these companies, have been transferred to the Company. The Company was reregistered as a joint stock company in accordance with the legislation of the RK in March 2004.

Starting from June 8, 2006, the sole shareholder of the Company was joint stock company “Kazakhstan Holding Company for State Assets Management “Samruk”, which in October 2008 was merged with the state owned Sustainable Development Fund “Kazyna” and formed joint stock company “National Welfare Fund Samruk-Kazyna”, now renamed to joint stock company “Sovereign Wealth Fund Samruk-Kazyna” (further Samruk-Kazyna). The Government is the sole shareholder of Samruk-Kazyna. On August 7, 2015, the National Bank of RK purchased 9.58% plus one share of the Company from Samruk-Kazyna.

As at September 30, 2021, the Company has interest in 59 operating companies (as of December 31, 2020: 61) (jointly the “Group”).

The Company has its registered office in the RK, Nur-Sultan, Dinmukhamed Kunayev, 8.

The principal activity of the Group includes, but is not limited, to the following:

- Participation in the development and implementation of the uniform public policy in the oil and gas sector;
- Representation of the state interests in subsoil use contracts through interest participation in those contracts; and
- Corporate governance and monitoring of exploration, development, production, oil servicing, processing, petrochemistry, transportation and sale of hydrocarbons and the designing, construction and maintenance of oil-and-gas pipeline and field infrastructure.

The interim condensed consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries.

These interim condensed consolidated financial statements of the Group were approved for issue by the Deputy Chairman of the Management Board for Economy and Finance and the Chief accountant on November 19, 2021.

**2. BASIS OF PREPARATION**

The interim condensed consolidated financial statements for the nine months ended September 30, 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* (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.

**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 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 Kazakhstan tenge (“tenge” or “KZT”), which is the Company’s functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

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

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**2. BASIS OF PREPARATION (continued)****Foreign currency translation (continued)***Transactions and balances (continued)*

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 the 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.

Differences arising on settlement or translation of monetary items are recognised 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 recognised 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.

*Translation of foreign operations*

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of comprehensive income presented 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 date of the transaction); and
- All resulting exchange differences are recognised 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 currency exchange rate of KASE as at September 30, 2021 and December 31, 2020 were 425.70 and 420.91 tenge to 1 United States dollar (“US dollar”), respectively. These rates were used to translate monetary assets and liabilities denominated in US dollar as at September 30, 2021 and December 31, 2020. The weighted average rate for nine months ended September 30, 2021 was 424.70 tenge to 1 US dollar (for the nine months ended September 30, 2020: 409.23 tenge to 1 US dollar). The currency exchange rate of KASE as at November 19, 2021 was 430.43 tenge to 1 US dollar.

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

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

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

**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.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### New and amended standards and interpretations (continued)

##### *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.

### 4. REVENUE

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<b>Type of goods and services</b>				
Sales of crude oil and gas	970,078	544,162	2,720,696	1,817,712
Sales of refined products	493,105	351,381	1,469,257	967,110
Oil and gas transportation services	84,660	68,325	244,133	215,877
Refining of oil and oil products	52,720	48,617	155,179	141,086
Other revenue	69,802	67,550	203,219	192,345
	<b>1,670,365</b>	<b>1,080,035</b>	<b>4,792,484</b>	<b>3,334,130</b>
<b>Geographical markets</b>				
Kazakhstan	310,225	234,159	919,310	770,192
Other countries	1,360,140	845,876	3,873,174	2,563,938
	<b>1,670,365</b>	<b>1,080,035</b>	<b>4,792,484</b>	<b>3,334,130</b>

### 5. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Tengizchevroil LLP	104,921	38,724	303,926	108,238
Asian Gas Pipeline LLP	69,812	38,858	190,636	115,424
KMG Kashagan B.V.	26,938	2,151	57,736	(9,258)
Caspian Pipeline Consortium	17,111	14,149	56,432	54,813
Beineu-Shymkent Gas Pipeline LLP	11,632	4,622	47,805	28,761
Mangistau Investments B.V.	20,724	7,439	47,518	12,194
KazRosGas LLP	6,585	(4,371)	15,750	(2,903)
Kazakhstan – China Pipeline LLP	3,814	617	10,695	4,839
Valsera Holdings B.V.	6,126	(6,654)	10,677	(10,674)
Kazakhoil-Aktobe LLP	4,256	98	6,993	1,738
KazGerMunay LLP	1,172	1,757	5,271	10,712
PetroKazakhstan Inc.	(769)	(1,014)	5,063	6,333
Teniz Service LLP	4,909	2,377	1,813	2,804
Ural Group Limited	(571)	(2,412)	(5,791)	(7,364)
Other joint ventures and associates	2,678	2,681	6,038	7,645
	<b>279,338</b>	<b>99,022</b>	<b>760,562</b>	<b>323,302</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (unaudited) (continued)**
**6. COST OF PURCHASED OIL, GAS, PETROLEUM PRODUCTS AND OTHER MATERIALS**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Purchased oil for resale	681,136	302,697	1,897,604	954,886
Cost of oil for refining	153,455	63,922	404,870	216,901
Materials and supplies	60,878	62,385	179,806	156,544
Purchased gas for resale	47,595	58,163	132,929	262,815
Purchased petroleum products for resale	56,041	10,279	72,874	32,190
	<b>999,105</b>	<b>497,446</b>	<b>2,688,083</b>	<b>1,623,336</b>

**7. PRODUCTION EXPENSES**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Payroll	87,923	87,365	255,888	245,748
Repair and maintenance	34,772	29,278	85,073	79,818
Energy	16,241	19,723	60,608	60,041
Transportation costs	10,756	16,416	33,509	31,281
Short-term lease expenses	6,143	4,782	19,715	33,673
Other	37,307	23,538	89,126	94,073
	<b>193,142</b>	<b>181,102</b>	<b>543,919</b>	<b>544,634</b>

**8. TAXES OTHER THAN INCOME TAX**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Rent tax on crude oil export	33,806	11,060	89,389	30,534
Export customs duty	25,917	12,300	75,148	53,547
Mineral extraction tax	22,909	16,222	64,711	49,292
Other taxes	31,637	25,234	82,294	70,923
	<b>114,269</b>	<b>64,816</b>	<b>311,542</b>	<b>204,296</b>

**9. TRANSPORTATION AND SELLING EXPENSES**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Transportation	71,284	93,409	283,985	295,905
Payroll	3,094	3,120	9,111	8,950
Other	7,965	7,080	23,445	21,239
	<b>82,343</b>	<b>103,609</b>	<b>316,541</b>	<b>326,094</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (unaudited) (continued)**
**10. GENERAL AND ADMINISTRATIVE EXPENSES**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Payroll	17,745	16,601	50,036	50,708
Consulting services	3,712	2,788	11,746	13,800
Maintenance	2,155	1,839	5,710	5,387
Social payments	1,493	1,052	3,831	3,986
(Reversal)/accrual of expected credit losses for trade receivables	(45)	157	3,812	2,310
VAT that could not be offset	810	968	2,835	3,029
Communication	695	1,114	2,831	2,892
Short-term lease expenses	699	532	1,882	1,659
Accrual of expected credit losses for other current financial assets	109	55	186	1,458
(Reversal)/impairment of VAT receivable	(372)	22	(2,447)	512
Other	7,681	7,636	23,004	21,841
	<b>34,682</b>	<b>32,764</b>	<b>103,426</b>	<b>107,582</b>

For the nine months ended September 30, 2021, the total payroll amounted to 315,035 million tenge (for the nine months ended September 30, 2020: 305,406 million tenge) and is included in production expenses, transportation and selling expenses and general and administrative expenses in the interim consolidated statement of comprehensive income.

**11. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, EXPLORATION AND EVALUATION  
ASSETS, INTANGIBLE ASSETS, ASSETS CLASSIFIED AS HELD FOR SALE AND EXPLORATION  
EXPENSES**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<b>Impairment charge and reversal</b>				
Property, plant and equipment ( <i>Note 14</i> )	3,519	1,971	3,505	204,219
Assets classified as held for sale	(2)	–	3,786	–
Exploration and evaluation assets	–	–	–	16,389
Intangible assets	–	75	–	6,840
	<b>3,517</b>	<b>2,046</b>	<b>7,291</b>	<b>227,448</b>
<b>Exploration expenses</b>				
Brownfields of KMG EP	–	19,692	19,800	19,692
Zhambyl project	59,283	–	59,283	–
	<b>59,283</b>	<b>19,692</b>	<b>79,083</b>	<b>19,692</b>
	<b>62,800</b>	<b>21,738</b>	<b>86,374</b>	<b>247,140</b>

Impairment was recognised for the following cash generating units (CGUs):

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
CGUs of KMG I	2,986	–	2,986	159,009
EMG CGU	–	–	–	60,440
Others	531	2,046	4,305	7,999
	<b>3,517</b>	<b>2,046</b>	<b>7,291</b>	<b>227,448</b>

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

### 11. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, EXPLORATION AND EVALUATION ASSETS, INTANGIBLE ASSETS, ASSETS CLASSIFIED AS HELD FOR SALE AND EXPLORATION EXPENSES (continued)

#### CGUs of KMGI

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

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

#### EMG CGU

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

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

#### Exploration expenses

During the nine months ended September 30, 2020 the Group has written off the exploration and evaluation assets in the amount of 12,829 million tenge as a result of termination of Ozen-Karamandybas exploration subsoil use contract, the contract territory of which was relinquished to the Government. Also, the Group partially reduced the contract area at Karaton-Sarkamys site and, accordingly, wrote off exploration and evaluation expenses in the amount of 6,863 million tenge.

During the nine months ended September 30, 2021 the Group has written off the exploration and evaluation assets in the amount of 59,283 million tenge of Zhambyl project, the subsoil use contract for which was terminated and the contract territory was relinquished to the Government. Also, the Group partially reduced the contract area at Taisoigan site and, accordingly, wrote off exploration and evaluation expenses in the amount of 19,800 million tenge.

### 12. FINANCE INCOME / FINANCE COSTS

#### Finance income

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Interest income on bank deposits, financial assets, loans and bonds	22,915	20,797	64,510	66,463
Amortization of issued financial guarantees	1,405	1,642	4,192	4,886
<b>Total interest income</b>	<b>24,320</b>	<b>22,439</b>	<b>68,702</b>	<b>71,349</b>
Revaluation of financial assets at fair value through profit or loss	11,561	64	12,009	347
Discount on a loan with non-market interest rate (Note 19)	-	-	-	11,002
Bond redemption gain (Note 19)	-	-	-	927
Other	4,410	542	5,667	2,951
	<b>40,291</b>	<b>23,045</b>	<b>86,378</b>	<b>86,576</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (unaudited) (continued)**
**12. FINANCE INCOME / FINANCE COSTS (continued)**
**Finance costs**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Interest expense on loans and bonds	58,963	59,454	179,370	179,458
Interest expense on lease liabilities	1,056	911	4,397	2,589
<b>Total interest expense</b>	<b>60,019</b>	<b>60,365</b>	<b>183,767</b>	<b>182,047</b>
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions	3,282	3,168	9,787	9,858
Unwinding of discount on employee benefits obligations	831	764	2,679	2,443
Other	3,361	2,770	8,449	7,913
	<b>67,493</b>	<b>67,067</b>	<b>204,682</b>	<b>202,261</b>

**13. INCOME TAX EXPENSES**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<b>Current income tax</b>				
Corporate income tax	35,511	21,399	124,712	55,360
Withholding tax on dividends and interest income	2,027	3,249	8,032	8,834
Excess profit tax	1	688	39	480
<b>Deferred income tax</b>				
Corporate income tax	804	(1,128)	4,917	(22,284)
Withholding tax on dividends	15,738	6,535	45,589	16,236
Excess profit tax	(142)	(9)	(153)	3,438
<b>Income tax expenses</b>	<b>53,939</b>	<b>30,734</b>	<b>183,136</b>	<b>62,064</b>

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

## 14. PROPERTY, PLANT AND EQUIPMENT

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improvements	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
<b>Net book value as at December 31, 2019 (audited)</b>	1,049,763	803,717	1,381,661	300,655	457,811	97,637	106,286	286,741	4,484,271
Foreign currency translation	64,294	5,091	44,810	9,076	4,512	3,693	9,007	20,700	161,183
Additions	6,425	6,114	1,607	3,825	4,294	2,713	1,302	284,027	310,307
Change in estimate	(4,688)	2,733	-	4	-	-	-	-	(1,951)
Disposals	(13,487)	(10,067)	(5,804)	(3,832)	(2,678)	(812)	(1,606)	(1,483)	(39,769)
Depreciation charge	(83,261)	(22,128)	(85,421)	(13,896)	(29,064)	(8,323)	(8,262)	-	(250,355)
Accumulated depreciation and impairment on disposals	10,548	1,001	5,803	3,000	2,606	665	1,403	829	25,855
Impairment (Note 11)	(38,614)	(273)	(153,953)	(891)	(487)	(6,187)	(311)	(3,503)	(204,219)
Transfers to assets classified as held for sale	-	-	(832)	(3)	(74)	(4)	(35)	(1,386)	(2,334)
Transfers from/(to) inventory, net	23	(27)	591	(2)	160	(27)	369	1,722	2,809
Transfers to intangible assets	-	-	-	-	-	-	(581)	(524)	(1,105)
Transfers to investment property	-	-	-	(23,253)	-	-	-	-	(23,253)
Transfers from exploration and evaluation assets	76	-	-	-	-	-	-	-	76
Transfers	66,473	15,644	4,418	17,406	70,928	4,206	5,606	(184,681)	-
<b>Net book value as at September 30, 2020 (unaudited)</b>	1,057,552	801,805	1,192,880	292,089	508,008	93,561	113,178	402,442	4,461,515
At cost	2,193,751	1,050,522	2,554,659	590,465	933,118	238,077	244,834	456,737	8,262,163
Accumulated depreciation and impairment	(1,136,199)	(248,717)	(1,361,779)	(298,376)	(425,110)	(144,516)	(131,656)	(54,295)	(3,800,648)
<b>Net book value as at September 30, 2020 (unaudited)</b>	1,057,552	801,805	1,192,880	292,089	508,008	93,561	113,178	402,442	4,461,515



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

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improvements	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
<b>Net book value as at December 31, 2020 (audited)</b>	1,083,615	808,757	1,171,110	289,702	453,821	84,661	111,947	366,132	4,369,745
Foreign currency translation	5,886	480	3,009	619	551	442	793	2,465	14,245
Additions	6,577	2,877	8,828	1,299	33,745	5,241	1,774	198,899	259,240
Change in estimate	(2,591)	(644)	–	(4)	–	–	–	–	(3,239)
Disposals	(21,690)	(7,012)	(36,013)	(2,437)	(5,545)	(4,390)	(3,768)	(487)	(81,342)
Loss of control over subsidiaries	–	–	–	(426)	(416)	(221)	(184)	(38)	(1,285)
Depreciation charge	(84,560)	(22,334)	(85,244)	(14,116)	(29,662)	(8,042)	(8,483)	–	(252,441)
Accumulated depreciation and impairment on disposals (Impairment)/reversal of impairment (Note 11)	18,521	6,580	8,171	1,738	4,608	3,476	3,572	359	47,025
Transfers to assets classified as held for sale	(563)	–	(2,973)	2	13	–	(9)	25	(3,505)
Transfers to intangible assets	–	–	(24)	(11,455)	(33,558)	(1,920)	(450)	–	(47,407)
Transfers from/(to) inventory, net	–	–	–	–	–	–	–	(1,819)	(1,819)
Transfers from investment property	45	1,582	4,600	1	10	(1)	700	1,228	8,165
Transfers from exploration and evaluation assets	–	–	–	2,515	–	–	7	–	2,522
Transfers	145	–	–	–	–	–	–	–	145
<b>Net book value as at September 30, 2021 (unaudited)</b>	74,977	9,418	11,430	12,114	52,423	1,271	19,319	(180,952)	–
	<b>1,080,362</b>	<b>799,704</b>	<b>1,082,894</b>	<b>279,552</b>	<b>475,990</b>	<b>80,517</b>	<b>125,218</b>	<b>385,812</b>	<b>4,310,049</b>
At cost	2,302,153	1,070,493	2,540,251	593,844	923,303	213,710	263,079	440,101	8,346,934
Accumulated depreciation and impairment	(1,221,791)	(270,789)	(1,457,357)	(314,292)	(447,313)	(133,193)	(137,861)	(54,289)	(4,036,885)
<b>Net book value as at September 30, 2021 (unaudited)</b>	<b>1,080,362</b>	<b>799,704</b>	<b>1,082,894</b>	<b>279,552</b>	<b>475,990</b>	<b>80,517</b>	<b>125,218</b>	<b>385,812</b>	<b>4,310,049</b>

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

### 14. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Additions

For the nine months ended September 30, 2021 additions were mainly attributable to development drilling at Ozenmunaigas JSC, subsidiary of KMG EP, EMG and KMG Karachaganak LLP for the total of 106,368 million tenge, overhaul of main gas pipelines and construction of gas metering stations and rotational camp at KazTransGas JSC (further KTG) for total amount of 37,934 million tenge within the framework of the projects “Bukhara gas-bearing region Tashkent-Bishkek-Almaty“, “Gazli-Shymkent” and “Bukhara-Ural”, construction of water pipeline of “Kulsary-Tengiz” for 24,987 million tenge at KazTransOil JSC, and overhauls at Atyrau refinery LLP (further Atyrau refinery) for 11,333 million tenge.

#### Transfers to assets classified as held for sale

As at September 30, 2021, the Group reclassified to assets held for sale property and equipment of 47,407 million tenge mainly represented by compressor station “Aral” for 40,378 million tenge, self-propelled barge Berkut for 1,881 million tenge and property, plant and equipment of UTTiOS LLP for 5,009 million tenge.

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.

#### Other

For the nine months ended September 30, 2021, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs in amount of 339 million tenge related to the construction of those property, plant and equipment at the average interest rate of 0.78% (for the nine months ended September 30, 2020: 2,365 million tenge at the average interest rate of 4.64%).

As at September 30, 2021, the cost of fully depreciated but still in use property, plant and equipment was 355,257 million tenge (as at December 31, 2020: 340,511 million tenge).

As at September 30, 2021, property, plant and equipment with the net book value of 857,802 million tenge (as at December 31, 2020: 910,216 million tenge) were mainly pledged as collateral to secure borrowings of the Group.

Capital commitments are disclosed in *Note 23*.

### 15. BANK DEPOSITS

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Denominated in US dollar	566,630	324,646
Denominated in tenge	10,259	14,863
Denominated in Russian ruble	21,467	–
Less: allowance for expected credit losses	(398)	(509)
	<b>597,958</b>	<b>339,000</b>

As at September 30, 2021, the weighted average interest rate for long-term bank deposits was 1.07% in US dollars and 1.25% in tenge (December 31, 2020: 1.07% in US dollars and 1.58% in tenge).

As at September 30, 2021, the weighted average interest rate for short-term bank deposits was 0.26% in US dollars, 6.28% in tenge and 3.75% in Russian ruble (December 31, 2020: 0.40% in US dollars, 3.10% in tenge).

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Maturities under 1 year	543,330	282,472
Maturities between 1 and 2 years	141	796
Maturities over 2 years	54,487	55,732
	<b>597,958</b>	<b>339,000</b>

As at September 30, 2021, bank deposits include those pledged as collateral of 54,628 million tenge (December 31, 2020: 56,528 million tenge), which are represented mainly by 46,950 million tenge at restricted bank accounts designated as a liquidation fund per requirements of the subsoil use contracts (December 31, 2020: 44,497 million tenge).

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

## 16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

<i>In millions of tenge</i>	Main activity	Place of business	September 30, 2021 (unaudited)		December 31, 2020 (audited)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
<b>Joint ventures</b>						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	3,130,320	20.00%	2,793,887	20.00%
KMG Kashagan B.V.	Oil and gas exploration and production	Kazakhstan	2,340,370	50.00%	2,256,816	50.00%
Asian Gas Pipeline LLP	Construction and operation of the gas pipeline		441,621	50.00%	291,086	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	183,876	50.00%	156,771	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	174,813	50.00%	142,585	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	93,356	50.00%	76,702	50.00%
Ural Group Limited	Oil and gas exploration and production	Kazakhstan	42,936	50.00%	44,585	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	31,024	50.00%	32,840	50.00%
Kazakhoil-Aktobe LLP	Production of crude oil	Kazakhstan	23,876	50.00%	20,886	50.00%
Teniz Service LLP	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	21,796	48.996%	20,473	48.996%
Valseira Holdings B.V.	Oil refining	Kazakhstan	12,930	50.00%	2,253	50.00%
Other			52,604		43,498	
<b>Associates</b>						
Caspian Pipeline Consortium	Transportation of liquid hydrocarbons	Kazakhstan/Russia	441,491	20.75%	478,134	20.75%
PetroKazakhstan Inc.	Exploration, production and processing of oil and gas	Kazakhstan	83,993	33.00%	78,636	33.00%
Other			36,065		31,869	
			<b>7,111,071</b>		<b>6,471,021</b>	

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

### 16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

All of the above joint ventures and associates are strategic for the Group’s business.

As of September 30, 2021, the Group’s share in unrecognised losses of joint ventures and associates was equal to 1,754 million tenge (as of December 31, 2020: 19,038 million tenge).

The following table summarizes the movements in the investments during the nine months ended September 30, 2021 and 2020:

<i>In millions of tenge</i>	2021	2020
<b>On January 1 (audited)</b>	<b>6,471,021</b>	<b>5,590,384</b>
Share in profits of joint ventures and associates, net (Note 5)	760,562	323,302
Dividends received	(156,793)	(49,970)
Change in dividends receivable	(32,657)	2,414
Other changes in the equity of the joint venture	3,353	912
Additional contributions without change in ownership	1,926	1,444
Impairment of investments	-	(38,000)
Transfers to assets held for sale	-	(3,080)
Eliminations and adjustments	-	2,937
Foreign currency translation	63,659	656,328
<b>On September 30 (unaudited)</b>	<b>7,111,071</b>	<b>6,486,671</b>

On October 16, 2015, the Group sold 50% of its shares in KMG Kashagan B.V. to Samruk-Kazyna with a right to buy back all or part of the shares (further Option) effective from January 1, 2018 to December 31, 2020. On December 20, 2017, the exercise period for the Option was changed to January 1, 2020 and December 31, 2022. As of September 30, 2021 and December 31, 2020, the fair value of the Option was close to nil.

The Amsterdam Court imposed certain restrictions on 50% of shares in KMG Kashagan B.V. owned by Samruk-Kazyna (further Restrictions). During the Restrictions period, these shares of KMG Kashagan B.V. cannot be sold, transferred or pledged. As of September 30, 2021 and December 31, 2020, the Restrictions remained in force and control over the asset was not transferred to the Group.

### 17. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
<b>Trade accounts receivable</b>		
Trade accounts receivable	508,815	455,321
Less: allowance for expected credit losses	(34,278)	(32,500)
	<b>474,537</b>	<b>422,821</b>
<b>Other current financial assets</b>		
Other receivables	114,707	90,904
Dividends receivable	26,120	2,913
Less: allowance for expected credit losses	(37,032)	(36,746)
	<b>103,795</b>	<b>57,071</b>
<b>Other current non-financial assets</b>		
Advances paid and prepaid expenses	64,891	45,497
Taxes receivable, other than VAT	27,347	35,003
Other	6,756	11,867
Less: impairment allowance	(3,509)	(3,546)
	<b>95,485</b>	<b>88,821</b>
<b>Total other current assets</b>	<b>199,280</b>	<b>145,892</b>

As at September 30, 2021 and December 31, 2020 the above assets were non-interest bearing.

As at September 30, 2021 trade accounts receivable of 167,651 million tenge are pledged as collateral for obligations of the Group (December 31, 2020: 155,998 million tenge).

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

### 17. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS (continued)

Trade accounts receivable is denominated in the following currencies as of September 30, 2021 and December 31, 2020:

<i>In millions of tenge</i>	September, 30 2021 (unaudited)	December, 31 2020 (audited)
US dollars	269,645	235,099
Tenge	137,863	123,824
Romanian Leu	60,192	57,637
Euro	4,041	6,059
Other currency	2,796	202
	<b>474,537</b>	<b>422,821</b>

Set out below is the information about credit risk exposure on the Group’s trade receivables using a provision matrix:

<i>In millions of tenge</i>	Days past due					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
<b>September 30, 2021</b>						
Expected credit loss rate	0.29%	2.25%	5.31%	10.36%	85.81%	
Trade accounts receivable	451,599	13,393	4,088	2,209	37,526	508,815
Expected credit loss	(1,327)	(302)	(217)	(229)	(32,203)	(34,278)

<i>In millions of tenge</i>	Days past due					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
<b>December 31, 2020</b>						
Expected credit loss rate	0.18%	2.94%	2.66%	4.34%	81.01%	
Trade accounts receivable	398,752	12,361	2,844	2,845	38,519	455,321
Expected credit loss	(733)	(363)	(76)	(124)	(31,204)	(32,500)

### 18. CASH AND CASH EQUIVALENTS

<i>In millions of tenge</i>	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Term deposits with banks – US dollars	364,481	435,119
Term deposits with banks – tenge	263,525	163,820
Term deposits with banks – other currencies	84,694	54,800
Current accounts with banks – US dollars	364,491	397,774
Current accounts with banks – tenge	83,128	75,369
Current accounts with banks – other currencies	12,878	10,370
Cash in transit	11,579	7,508
Cash-on-hand and cheques	1,347	1,138
Less: allowance for expected credit losses	(66)	(34)
	<b>1,186,057</b>	<b>1,145,864</b>

Term deposits with banks are made for various periods of between one day and three months, depending on the immediate cash requirements of the Group.

As at September 30, 2021, the weighted average interest rate for term deposits with banks was 0.23% in US dollars, 8.21% in tenge and 2.19% in other currencies (December 31, 2020: 0.37% in US dollars, 7.74% in tenge and 1.44% in other currencies).

As at September 30, 2021 and December 31, 2020, cash and cash equivalents were not pledged as collateral for obligations of the Group.

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

### 19. BORROWINGS

<i>In millions of tenge</i>	September, 30 2021 (unaudited)	December, 31 2020 (audited)
Fixed interest rate borrowings	3,378,207	3,394,958
Weighted average interest rates	5.54%	5.50%
Floating interest rate borrowings	646,002	683,490
Weighted average interest rates	4.81%	4.38%
	<b>4,024,209</b>	<b>4,078,448</b>

As at September 30, 2021 and as at December 31, 2020, borrowings are denominated in the following currencies:

<i>In millions of tenge</i>	September, 30 2021 (unaudited)	December, 31 2020 (audited)
US dollar	3,590,157	3,669,668
Tenge	328,139	318,034
Russian ruble	89,216	85,223
Euro	14,040	2,319
Other currencies	2,657	3,204
	<b>4,024,209</b>	<b>4,078,448</b>

<i>In millions of tenge</i>	September, 30 2021 (unaudited)	December, 31 2020 (audited)
Current portion	414,984	361,556
Non-current portion	3,609,225	3,716,892
	<b>4,024,209</b>	<b>4,078,448</b>

As at September 30, 2021 and as at December 31, 2020, the bonds comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	September, 30 2021 (unaudited)	December, 31 2020 (audited)
<b>Bonds</b>					
Bonds LSE 2020	750 million USD	2033	3.50%	323,915	317,474
AIX 2019	56 billion KZT	2024	5.00%	32,265	45,192
Bonds LSE 2018	1.5 billion USD	2048	6.375%	640,086	631,832
Bonds LSE 2018	1.25 billion USD	2030	5.375%	539,528	530,776
Bonds LSE 2018	0.5 billion USD	2025	4.75%	216,148	212,117
Bonds LSE 2017	1.25 billion USD	2047	5.75%	522,865	516,505
Bonds LSE 2017	1 billion USD	2027	4.75%	427,211	419,390
Bonds ISE 2017	750 million USD	2027	4.375%	300,141	299,934
Other	-	-	-	4,562	4,593
<b>Total</b>				<b>3,006,721</b>	<b>2,977,813</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****19. BORROWINGS (continued)**

As at September 30, 2021 and December 31, 2020, the loans comprised:

<i>In millions of tenge</i>	<b>Issuance amount</b>	<b>Redemption date</b>	<b>Interest</b>	<b>September, 30 2021 (unaudited)</b>	<b>December, 31 2020 (audited)</b>
<b>Loans</b>					
The Export-Import Bank of China (Eximbank)	1.13 billion USD	2026	6M Libor + 4.10%	235,537	287,387
Development bank of Kazakhstan JSC (DBK)	230 billion KZT	2022-2030	7.00% - 13.67%	160,760	166,377
The Syndicate of banks (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank)	435 million USD <sup>1</sup>	2021-2023	1M Libor + 2.75%, 1M Libor + 2.50%, 1W Euribor + 2.50%, 1M Euribor + 2.50%, ON Euribor + 2.50%	124,769	118,228
VTB Bank Kazakhstan and VTB Bank (PJSC)	15 billion RUB	2023	Key Rate of Central Bank of Russia Federation + 2.15%	89,216	85,223
Japan Bank for International Cooperation	297.5 million USD	2025	2.19% + CIRR	55,532	60,098
Halyk bank JSC (Halyk bank)	54 billion KZT	2025	11.00%	49,288	–
Halyk bank	100 million USD <sup>2</sup>	2023	5.00%	42,615	42,145
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	150 million USD	2021	COF (0.14%) + 1.70%	39,056	38,215
DBK	843.6 million USD	2023	10.99%	33,225	107,318
Halyk bank	41 billion KZT	2024	11.00%	30,067	41,207
European Bank for Reconstruction and Development (EBRD)	68 billion KZT	2026	3M CPI + 50 basis points + 2.15%	29,216	33,786
Banque de Commerce et de Placements	110 million USD	2022	COF (0.87%) + 1.50%	23,147	3,651
Cargill	50 million USD	2022	3M LIBOR + 2.60%	21,383	–
EBRD	36 billion KZT	2026	6M CPI + 100 basis points + 2.15%	21,022	24,278
Sberbank	50 million USD	2021	COF (0.97%) + 1.50%	12,505	1,871
Natixis	250 million USD	2022	COF (0.42%) + 2.00%	9,143	11,723
Credit Agricole	250 million USD	2021	COF (0.22%) + 2.00%	6,051	14,862
ING Bank NV	250 million USD	2021	COF (0.25%) + 2.00%	5,534	35,029
Other	–	–	–	29,422	29,237
<b>Total</b>				<b>1,017,488</b>	<b>1,100,635</b>

<sup>1</sup> 75 million USD with revolving credit facility.<sup>2</sup> Revolving credit facility.

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

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**19. BORROWINGS (continued)**

During the nine months ended September 30, 2021, Atyrau Refinery made partial repayment of the loan from Eximbank for 156 million US dollars (equivalent to 65,838 million tenge), including accrued interest. The repayment in the amount of 77 million US dollars (equivalent to 32.799 million tenge) was partially made of funds placed in June 2021 on a special Eximbank account in accordance with the terms of agreement.

During the nine months ended September 30, 2021, Atyrau Refinery made full repayment of the loans from DBK for 142 million US dollars (equivalent to 59,507 million tenge), including accrued interest.

During the nine months ended September 30, 2021, KMGI received short-term loans to finance working capital from Banque de Commerce et de Placements at the rate of COF (0.87%) + 1.50% for 46 million US dollars (equivalent to 19,408 million tenge).

During the nine months ended September 30, 2021, KMGI received a short-term loans to finance working capital from Cargill at the rate of 3M Libor + 2.60% for 50 million US dollars (equivalent to 20,997 million tenge).

During the nine months ended September 30, 2021, KMGI made partial repayment of short-term loans from ING Bank NV for 71 million US dollars (equivalent to 30,273 million tenge), including accrued interest.

During the nine months ended September 30, 2021, Atyrau Refinery received a long-term loan from Halyk bank in the total amount of 53,627 million tenge with 11% interest rate to refinance its existing loans.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****19. BORROWINGS (continued)**

Changes in liabilities arising from financing activities for the nine months ended September 30:

<i>In millions of tenge</i>	2021				2020			
	Short-term loans	Long-term loans	Bonds	Total	Short-term loans	Long-term loans	Bonds	Total
<b>On January 1 (audited)</b>	184,370	916,265	2,977,813	4,078,448	70,843	974,937	2,791,724	3,837,504
Received in cash	97,141	57,123	–	154,264	129,576	56,298	–	185,874
Repayment of principal in cash	(84,713)	(139,033)	(12,685)	(236,431)	(31,991)	(172,021)	(29,663)	(233,675)
Repayment of principal and interest by reserved cash	–	(32,799)	–	(32,799)	–	–	–	–
Interest accrued	7,160	48,798	121,281	177,239	5,112	50,332	120,488	175,932
Interest paid	(7,065)	(39,499)	(114,390)	(160,954)	(5,126)	(54,248)	(90,434)	(149,808)
Discount (Note 12)	–	–	–	–	–	(11,002)	–	(11,002)
Bond redemption gain (Note 12)	–	–	–	–	–	–	(927)	(927)
Foreign currency translation	1,602	1,178	30,310	33,090	9,101	10,961	315,220	335,282
Foreign exchange loss	166	6,878	4,392	11,436	5,064	67,710	47,000	119,774
Other	–	(84)	–	(84)	–	1,615	–	1,615
<b>On September 30 (unaudited)</b>	<b>198,661</b>	<b>818,827</b>	<b>3,006,721</b>	<b>4,024,209</b>	<b>182,579</b>	<b>924,582</b>	<b>3,153,408</b>	<b>4,260,569</b>
Current portion	198,661	140,430	75,893	414,984	182,579	220,076	78,845	481,500
Non-current portion	–	678,397	2,930,828	3,609,225	–	704,506	3,074,563	3,779,069

**Covenants**

The Group is required to comply with the financial and non-financial covenants under the terms of loan agreements. On June 16, 2021, the Company received a consent of the holders of Eurobonds with maturities in 2025, 2027, 2030, 2047, 2048 to bring the terms of these issues in line with the terms of the issue of KMG Eurobonds in 2020. As of September 30, 2021 and December 31, 2020 the Group complied with all financial and non-financial covenants.

**Hedge of net investment in the foreign operations**

As at September 30, 2021, certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. These borrowings are being used to hedge the Group’s exposure to the US dollar foreign exchange risk on these investments. For the nine months ended September 30, 2021, loss of 30,310 million tenge (for the nine months ended, September 30, 2020: loss of 315,220 million tenge) on the translation of these borrowings were transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.

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

### 19. BORROWINGS (continued)

#### Hedge of net investment in the foreign operations (continued)

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the US dollars borrowings. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowings. As at September 30, 2021, and December 31, 2020, there was no ineffective portion of the hedge.

### 20. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

<i>In millions of tenge</i>	September, 30 2021 (unaudited)	December, 31 2020 (audited)
<b>Trade accounts payable</b>	<b>535,762</b>	<b>536,922</b>
<b>Other financial liabilities</b>		
Due to employees	47,475	54,741
Financial guarantees (Note 25)	11,036	14,910
Dividends payable	635	195
Other	46,516	49,557
	<b>105,662</b>	<b>119,403</b>
Current portion	80,595	86,440
Non-current portion	25,067	32,963
<b>Other non-financial liabilities</b>		
Contract liabilities	166,715	118,537
Other	34,150	39,315
	<b>200,865</b>	<b>157,852</b>
Current portion	147,537	129,021
Non-current portion	53,328	28,831
<b>Total other financial and non-financial liabilities</b>	<b>306,527</b>	<b>277,255</b>
Current portion	228,132	215,461
Non-current portion	78,395	61,794

As of September 30, 2021 and December 31, 2020, trade accounts payable were denominated in the following currencies:

<i>In millions of tenge</i>	September, 30 2021 (unaudited)	December, 31 2020 (audited)
US dollars	317,957	221,097
Tenge	155,931	249,108
Romanian Leu	44,818	44,457
Euro	7,008	6,558
Other currency	10,048	15,702
	<b>535,762</b>	<b>536,922</b>

As at September 30, 2021 and December 31, 2020, trade accounts payable and other financial liabilities were not interest bearing.

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

### 21. RELATED PARTY DISCLOSURES

#### Terms and conditions of transactions with related parties

Related party transactions were made on terms agreed 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. Outstanding balances are mainly unsecured and interest free and settlement occurs in cash, except as indicated below. The Group recognises allowances for expected credit losses on amounts owed by related parties.

#### Transactions balances

The following table provides the balances of transactions with related parties as at September 30, 2021 and December 31, 2020:

<i>In millions of tenge</i>	As at	Due from related parties	Due to related parties	Cash and deposits placed with related parties	Borrowings payable to related parties
Samruk-Kazyna entities	<b>September 30, 2021 (unaudited)</b>	<b>446,446</b>	<b>13,651</b>	–	<b>32,265</b>
	December 31, 2020 (audited)	402,272	5,921	–	45,192
Associates	<b>September 30, 2021 (unaudited)</b>	<b>35,423</b>	<b>3,232</b>	–	–
	December 31, 2020 (audited)	4,345	3,541	–	–
Other state-controlled parties	<b>September 30, 2021 (unaudited)</b>	<b>5,552</b>	<b>111</b>	<b>85,155</b>	<b>193,985</b>
	December 31, 2020 (audited)	4,116	113	126,443	273,695
Joint ventures	<b>September 30, 2021 (unaudited)</b>	<b>370,465</b>	<b>212,653</b>	–	–
	December 31, 2020 (audited)	357,832	246,555	–	–

#### Due from/to related parties

##### *Samruk-Kazyna entities*

As at September 30, 2021, the increase in due from Samruk-Kazyna entities is mainly due to the additional financial aid provided to Samruk-Kazyna and the amortization of the discount on it in the amount of 26,320 million tenge and 21,819 million tenge, respectively.

As at September 30, 2021, the increase in due to Samruk-Kazyna entities is mainly due to conclusion of a contract by Intergas Central Asia, subsidiary of KTG, for pipeline lease for 32,632 million tenge, which was partially repaid.

##### *Associates*

As at September 30, 2021, the increase in due from associates is mainly due to dividends receivable from Caspian Pipeline Consortium in the amount of 23,255 million tenge.

#### Cash and deposits placed with related parties

##### *Other state-controlled parties*

As at September 30, 2021, the decrease of cash and deposits placed with the related party is mainly due to partial withdrawal of deposits for 100 million US dollars (equivalent to 42,422 million tenge as of the withdrawal date).

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

### 21. RELATED PARTY DISCLOSURES (continued)

#### Borrowings payable to related parties

##### *Other state-controlled parties*

As at September 30, 2021, decrease in borrowings to the related parties is mainly due to partial repayment of loans from DBK in the total amount of 95,857 million tenge, including interest.

#### Transactions turnover

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

<i>In millions of tenge</i>	As at September 30,	Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	<b>2021 (unaudited)</b>	<b>12,242</b>	<b>8,055</b>	<b>26,768</b>	<b>3,338</b>
	2020 (unaudited)	7,914	19,702	21,863	1,737
Associates	<b>2021 (unaudited)</b>	<b>47,926</b>	<b>23,610</b>	<b>-</b>	<b>-</b>
	2020 (unaudited)	17,186	18,435	2,734	-
Other state-controlled parties	<b>2021 (unaudited)</b>	<b>27,427</b>	<b>12,866</b>	<b>238</b>	<b>16,932</b>
	2020 (unaudited)	37,735	17,803	11,921	20,005
Joint ventures	<b>2021 (unaudited)</b>	<b>214,381</b>	<b>1,174,038</b>	<b>33,254</b>	<b>401</b>
	2020 (unaudited)	224,481	804,561	23,299	349

#### Key management employee compensation

Total compensation to key management personnel (members of the Boards of directors and Management boards of the Group) included in general and administrative expenses in the accompanying interim consolidated statement of the comprehensive income was equal to 5,138 million tenge and 5,144 million tenge, respectively, for the nine months ended September 30, 2021 and 2020, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****22. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES****Fair values of financial instruments and investment property**

The carrying amount of the Group financial instruments and investment property as at September 30, 2021 and December 31, 2020 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

<i>In millions of tenge</i>	September 30, 2021 (unaudited)					December 31, 2020 (audited)				
	Carrying amount	Fair value	Fair value by level of assessment			Carrying amount	Fair value	Fair value by level of assessment		
			Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Bonds receivable from Samruk-Kazyna	17,936	17,501	–	17,501	–	17,265	16,916	–	16,916	–
Loans given to related parties at amortised cost, lease receivables from joint venture	607,767	623,431	–	423,626	199,805	557,116	538,063	–	372,823	165,240
Fixed interest rate borrowings	3,378,207	3,914,227	3,524,725	389,502	–	3,394,958	4,103,404	3,640,931	462,473	–
Floating interest rate borrowings	646,002	660,847	–	660,847	–	683,490	699,509	–	699,509	–
Financial guarantee issued	11,036	12,639	–	–	12,639	14,910	15,464	–	–	15,464

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

### 22. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

#### Fair values of financial instruments and investment property (continued)

The fair value of bonds receivable from the Samruk-Kazyna and other debt instruments have been calculated by discounting the expected future cash flows at market interest rates.

All financial instruments for which fair value is recognised or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no transfers between Level 1 and Level 2 during the reporting period, and no transfers into or out of Level 3 the fair value measurement.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group’s valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the nine months ended September 30, 2021.

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

	Valuation technique	Significant unobservable inputs	Range as of September 30, 2021 (unaudited)	Range as of December 31, 2020 (audited)
Loans given to related parties at amortised cost and lease receivables from JV	Discounted cash flow method	Interest/discount rate	7.62%-9.9%	7.54%-9.9%
Financial guarantee issued			4.1%	4.9%

### 23. CONTINGENT LIABILITIES AND COMMITMENTS

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

#### Cost recovery audits

As of September 30, 2021 the Group’s share in the total disputed amounts of costs is 1,177 million US dollars (equivalent to 501,001 million tenge) (as of December 31, 2020: 1,078 million US dollars, equivalent to 453,641 million tenge), including its share in the joint ventures.

#### Kazakhstan local market obligation

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

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

### 23. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

#### Commitments under subsoil use contracts

As at September 30, 2021, the Group had the following commitments related to minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate:

<i>In millions of tenge</i>	Capital expenditures	Operational expenditures
<b>Year</b>		
2021	92,263	5,689
2022	114,102	4,059
2023	20,670	3,994
2024	10,266	4,014
2025-2048	5,865	22,665
<b>Total</b>	<b>243,166</b>	<b>40,421</b>

#### Oil supply commitments

As of September 30, 2021, the Group had commitments under the oil supply agreements in the total amount of 4.4 million ton (as of December 31, 2020: 8.2 million ton), including its share in joint venture commitments.

#### Other contractual commitments

As of September 30, 2021, the Group, including its share in joint ventures commitments, had other capital commitments of approximately 296,909 million tenge (as of December 31, 2020: 196,531 million tenge), related to acquisition and construction of long-lived assets.

As of September 30, 2021, the Group had commitments of 223,566 million tenge (as of December 31, 2020: 232,136 million tenge) under the investment programs approved by the joint order of Ministry of Energy of RK and Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of RK to facilitate production units.

#### Legal issues and claims

##### *The civil litigation at 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 in 2003-2005. The hearings have been held periodically, but no final decisions were made. On July 13, 2021, the court rejected the complaint of Faber. However, Faber appealed against this decision. Next hearings are scheduled to December 2021.

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

##### *Settlement of the arbitration between 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 by the arbitration court on the claim of KTG against the partners of the North Caspian project on gas price calculation for the Kashagan field (further Decision). The Decision was issued in favor of KTG. For the nine months ended September 30, 2021 the parties reached an agreement on the recalculation of contract price.

During the nine months ended September 30, 2021, in accordance with the Decision, KTG received the payment from the partners of the North Caspian project in total amount of 134,750 million tenge including VAT (equivalent to 315 million US dollars) and adjusted the cost of purchased gas for resale for 102,328 million tenge (equivalent to 240 million US dollars) and recognised fines and penalties and reimbursement of arbitration disputes costs in total amount of 14,289 million tenge (equivalent to 33 million US dollars) as other operating income.

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

### 24. SEGMENT REPORTING

The Group’s operating segments have their own structure and management according to the type of the produced goods and services provided. Moreover, all segments are strategic directions of the business which offer different types of the goods and services in different markets. The functions have been defined as the operating segments of the Group because they are segments a) that engages in business activities from which revenues are generated and expenses incurred; b) whose operating results are regularly reviewed by the Group’s chief operating decision makers to make decisions.

The Group’s activity consists of four main operating segments: exploration and production of oil and gas, oil transportation, gas trading and transportation, refining and trading of crude oil and refined products. The Group presents the Company’s activities separately in Corporate segment, since the Company performs not only the functions of the parent company, but also carries out operational activities. The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance.

Disaggregation of revenue by types of goods and services is presented in *Note 4* of this interim consolidated condensed financial statements.

For the nine months ended September 30, 2021 disaggregated revenue type *Sales of crude oil and gas* and *Sales of refined products* mainly represents sales made by the following operating segments:

	Type of products and services			
	For the nine months ended September 30,			
	2021 (unaudited)		2020 (unaudited)	
	Sales of crude oil and gas	Sales of refined products	Sales of crude oil and gas	Sales of refined products
<i>(in millions of tenge)</i>				
<b>Segments</b>				
Gas trading and transportation	487,277	–	584,661	–
Refining and trading of crude oil, gas and refined products	2,233,419	1,057,848	1,233,051	713,177
Corporate	–	401,434	–	243,754
Exploration and production of oil and gas	–	2,098	–	2,922
Other	–	7,877	–	7,257
	<b>2,720,696</b>	<b>1,469,257</b>	<b>1,817,712</b>	<b>967,110</b>

Segment performance is evaluated based on revenues, net profit and EBITDA, which are measure on the same basis as in the interim condensed consolidated financial statements.

EBITDA is a supplemental non-IFRS financial measure used by management to evaluate segments performance, and is defined as earnings before depreciation, depletion and amortization, finance income and expense, income tax expense.

EBITDA, % is calculated as EBITDA of each reporting segment divided by the total EBITDA.

Eliminations and adjustments represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily comply with market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

#### Geographic information

The Group’s property, plant and equipment are located in the following countries:

	September, 30 2021 (unaudited)	December, 31 2020 (audited)
<i>In millions of tenge</i>		
Kazakhstan	3,702,247	3,730,070
Other countries	607,802	639,675
	<b>4,310,049</b>	<b>4,369,745</b>



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

### 24. SEGMENT REPORTING (continued)

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

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	4,989	151,236	614,698	3,531,991	401,611	87,959	–	4,792,484
Revenues from sales to other segments	857,169	57,130	707	117,316	30,683	60,430	(1,123,435)	–
<b>Total revenue</b>	<b>862,158</b>	<b>208,366</b>	<b>615,405</b>	<b>3,649,307</b>	<b>432,294</b>	<b>148,389</b>	<b>(1,123,435)</b>	<b>4,792,484</b>
Cost of purchased oil, gas, petroleum products and other materials	(21,266)	(10,342)	(113,287)	(3,198,848)	(187,551)	(22,041)	865,252	(2,688,083)
Production expenses	(222,191)	(82,043)	(58,115)	(140,883)	(122,262)	(109,565)	191,140	(543,919)
Taxes other than income tax	(241,171)	(9,815)	(11,724)	(10,783)	(32,792)	(5,257)	–	(311,542)
Transportation and selling expenses	(76,265)	(4,031)	(220,082)	(48,490)	(7,745)	(14)	40,086	(316,541)
General and administrative expenses	(19,848)	(12,243)	(16,736)	(26,372)	(14,317)	(14,796)	886	(103,426)
Share in profit of joint ventures and associates, net	420,765	68,460	254,257	13,976	–	3,104	–	760,562
<b>EBITDA</b>	<b>702,182</b>	<b>158,352</b>	<b>449,718</b>	<b>237,907</b>	<b>67,627</b>	<b>(180)</b>	<b>(26,071)</b>	<b>1,589,535</b>
<b>EBITDA, %</b>	<b>44%</b>	<b>10%</b>	<b>29%</b>	<b>15%</b>	<b>4%</b>	<b>0%</b>	<b>(2%)</b>	
Depreciation, depletion and amortization	(91,959)	(31,200)	(55,705)	(105,897)	(2,290)	(7,723)	–	(294,774)
Finance income	53,507	3,625	16,965	5,116	107,000	18,176	(118,011)	86,378
Finance costs	(14,883)	(3,680)	(31,638)	(60,002)	(156,177)	(3,358)	65,056	(204,682)
Impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale	(538)	–	(15)	(2,986)	(324)	(3,428)	–	(7,291)
Exploration expenses	(19,800)	–	–	–	(59,283)	–	–	(79,083)
Income tax expenses	(115,454)	(13,557)	(35,261)	(22,141)	4,054	(777)	–	(183,136)
<b>Net profit for the period</b>	<b>505,591</b>	<b>23,504</b>	<b>354,280</b>	<b>57,379</b>	<b>77,097</b>	<b>490</b>	<b>(75,866)</b>	<b>942,475</b>
<b>Other segment information</b>								
Investments in joint ventures and associates	5,828,216	488,401	720,161	49,031	–	25,262	–	7,111,071
Capital expenditures	119,977	56,486	47,345	30,646	3,426	13,669	–	271,549
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,732)	(9,648)	(7,677)	(44,850)	(26,124)	(9,309)	–	(102,340)
<b>Assets of the segment</b>	<b>8,486,550</b>	<b>1,161,321</b>	<b>2,661,145</b>	<b>2,714,652</b>	<b>1,344,856</b>	<b>275,004</b>	<b>(1,012,290)</b>	<b>15,631,238</b>
<b>Liabilities of the segment</b>	<b>872,637</b>	<b>196,767</b>	<b>821,634</b>	<b>1,695,504</b>	<b>3,337,069</b>	<b>106,784</b>	<b>(973,672)</b>	<b>6,056,723</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****24. SEGMENT REPORTING (continued)**

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

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	5,844	166,877	689,740	2,150,873	244,186	76,610	–	3,334,130
Revenues from sales to other segments	634,586	75,281	14,187	234,423	29,305	56,964	(1,044,746)	–
<b>Total revenue</b>	<b>640,430</b>	<b>242,158</b>	<b>703,927</b>	<b>2,385,296</b>	<b>273,491</b>	<b>133,574</b>	<b>(1,044,746)</b>	<b>3,334,130</b>
Cost of purchased oil, gas, petroleum products and other materials	(21,079)	(9,375)	(263,791)	(1,980,636)	(137,507)	(20,031)	809,083	(1,623,336)
Production expenses	(217,029)	(88,720)	(55,256)	(164,585)	(93,368)	(98,829)	173,153	(544,634)
Taxes other than income tax	(147,985)	(9,544)	(11,612)	(11,116)	(19,014)	(5,215)	190	(204,296)
Transportation and selling expenses	(90,919)	(7,507)	(223,881)	(44,509)	(5,492)	(17)	46,231	(326,094)
General and administrative expenses	(21,661)	(9,914)	(16,335)	(26,805)	(35,534)	(17,143)	19,810	(107,582)
Share in profit of joint ventures and associates, net	123,029	60,803	141,361	(6,891)	–	5,000	–	323,302
<b>EBITDA</b>	<b>264,786</b>	<b>177,901</b>	<b>274,413</b>	<b>150,754</b>	<b>(17,424)</b>	<b>(2,661)</b>	<b>3,721</b>	<b>851,490</b>
<b>EBITDA, %</b>	<b>31%</b>	<b>21%</b>	<b>32%</b>	<b>18%</b>	<b>(2%)</b>	<b>0%</b>	<b>0%</b>	
Depreciation, depletion and amortization	(89,209)	(29,525)	(33,303)	(104,328)	(2,276)	(7,177)	–	(265,818)
Finance income	90,211	3,036	15,392	17,002	582,948	9,007	(631,020)	86,576
Finance costs	(14,665)	(4,447)	(28,433)	(66,753)	(191,060)	(6,236)	109,333	(202,261)
Impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale	(61,272)	(5,047)	–	(160,785)	(46)	(298)	–	(227,448)
Exploration expenses	(19,692)	–	–	–	–	–	–	(19,692)
Impairment of investments in joint venture and associate	(38,000)	–	–	–	–	–	–	(38,000)
Income tax expenses	(39,008)	(17,246)	(19,793)	24,348	(8,773)	(1,592)	–	(62,064)
<b>Net profit for the period</b>	<b>116,993</b>	<b>130,767</b>	<b>184,551</b>	<b>(219,948)</b>	<b>462,246</b>	<b>(18,063)</b>	<b>(520,093)</b>	<b>136,453</b>
<b>Other segment information</b>								
Investments in joint ventures and associates	5,371,371	515,025	525,626	34,122	–	24,877	–	6,471,021
Capital expenditures	122,905	20,435	97,323	66,133	6,793	8,701	–	322,290
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,495)	(6,457)	(7,240)	(46,112)	(25,141)	(9,254)	–	(98,699)
<b>Assets of the segment</b>	<b>7,827,588</b>	<b>1,189,807</b>	<b>2,405,880</b>	<b>2,654,458</b>	<b>1,302,283</b>	<b>281,039</b>	<b>(1,007,768)</b>	<b>14,653,287</b>
<b>Liabilities of the segment</b>	<b>814,551</b>	<b>198,810</b>	<b>921,668</b>	<b>1,704,835</b>	<b>3,269,893</b>	<b>105,549</b>	<b>(998,698)</b>	<b>6,016,608</b>

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

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**25. SUBSEQUENT EVENTS****Dividends received**

On October 21, 2021 the Company received dividends from Kazakhoil-Aktobe LLP, the joint venture, of 2,000 million tenge.

**Proceeds from sale of joint venture**

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

**Transfer of KTG to Samruk-Kazyna**

On November 9, 2021, the Company transferred 100% shares of KTG to Samruk-Kazyna. The transaction amount is 1 tenge. At the same time, trust management agreement concluded on March 11, 2021 between KMG and Samruk-Kazyna was terminated.

The transaction was preceded by fulfilment of a number of legal and financial conditions, including approvals from KMG lenders and relevant government agencies. The last of the conditions was fulfilled on November 8, 2021. The Company believes that, starting from November 8, 2021, KTG meets the following criteria for classification as a discontinued operation:

- KTG is ready for sale and can be sold in its current condition;
- Sales procedures have been initiated and are expected to be completed within one year.

The Company's obligation on the parity financial guarantee of the Company and KTG under syndicated loan of Beineu-Shymkent Gas Pipeline LLP, the joint venture of KTG, was transferred to KTG (*Note 20*).