NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 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.

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 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 currency exchange rate of KASE as at September 30, 2020 and December 31, 2019 were 431.82 and 382.59 tenge to 1 US dollar, respectively. These rates were used to translate monetary assets and liabilities denominated in United States dollars ("US dollar") as at September 30, 2020 and December 31, 2019. The weighted average rate for nine months ended September 30, 2020 was 409.23 tenge to 1 US dollar (nine months ended September 30, 2019: 381.52 tenge). The currency exchange rate of KASE as at November 19, 2020 was 427.98 tenge to 1 US dollar.

Considerations in respect of COVID-19 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 financial information has been considered as part of the going concern assessment. To support this assertion liquidity forecast has been assessed under several stressed scenarios.

The significant accounting judgments and estimates of the Group were disclosed in its consolidated financial statements for the year ended December 31, 2019. These were subsequently reviewed at the end of the nine months ended September 30, 2020 to determine if any changes were required to these judgments and estimates as a result of the current market conditions. The valuation of certain assets and liabilities is subject to a greater level of uncertainty than when reported in the annual consolidated financial statements, including those set out below.

Impairment testing assumptions

The Group's long-term assumptions for Brent oil prices, KZT/USD exchange rate and inflation projections have been revised and are based on externally sourced forecasts and rates of the independent research organizations considering long-tern market expectations. Production volumes estimates are based on proved developed and undeveloped reserves for subsidiaries, and on proved and probable reserves for significant investments in joint ventures and associates. Production period is either based on subsoil use contracts' expiration date or on extended license period where the Group has intention to extend the license. Estimated production volumes are based on the Group's production plans that are mostly used for the purposes of application filing for extension of subsoil use contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

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

Impairment testing assumptions (continued)

Discount rates were estimated on the weighted average cost of capital of the individual cash generating unit and ranged between 8.92%-14.01% depending on the functional currency, production period, size, equity risk premium, beta and gearing ratio of the relevant cash-generating unit (CGU).

The long-term price assumptions applied were derived from Bloomberg consensus, so did the near-term commodity price assumptions, a summary of which, in real 2020 terms, is provided below:

	Fourth quarter of 2020	2021	2022	2023	2024
Brent oil ($/bbl)	**39**	**47**	**55**	**60**	**64**

In *Exploration and production of oil and gas* segment impairment charges of 60,440 million tenge attributable to Embamunaigas CGU (*Note 11*) and 38,000 million tenge related to the Group's joint venture and associate (*Note 15*) were recognized since the first quarter of 2020.

In *Refining and trading of crude oil and refined products segment* impairment charge of 159,009 million tenge attributable to KMG International N.V. CGU (further – KMGI) *(Note 11)* was recognized since the second quarter of 2020.

In the third quarter, the revision to the Group's commodity price assumptions and discount rates did not result in any additional impairment charges in any segment.

The significant majority of oil, gas and refining assets have limited headroom. Change in price or other assumptions within the next financial periods may result in a recoverable amount of these assets above or below the current carrying amount and therefore there is a risk of impairment reversals or charges in that period. Sensitivity to key assumptions for significant CGUs of the Group at which impairment charges were recognized in the first half of 2020 were disclosed in *Note 11*.

Provisions assumptions

The credit-adjusted risk-free rate used to discount provisions was reviewed as a result of the changes in long-dated government bond yields during the third quarter of 2020. The changes have not significantly affected the Group's overall assessment of the discount rate applied to the Group's provisions as the discount rates changed insignificantly. The timing and amount of cash flows relating to Group's existing provisions are not expected to change significantly as a result of the current environment, however the detailed annual review will take place by the end of 2020.

Other accounting judgments and estimates

All other significant accounting judgments and estimates disclosed in the annual consolidated financial statements remain applicable and 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, 2019, except for the adoption of new standards and interpretations effective as of January 1, 2020. 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 below apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Amendments to IFRS 3 Business combinations: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments (IFRS 9) and IAS 39 Financial Instruments: Recognition and Measurement (IAS 39): Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of Materiality

The amendments provide a new definition of materiality that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those consolidated financial statements, which provide financial information about a specific reporting entity".

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the consolidated financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of the Group.

Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

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

Changes in accounting policies related to presentation

Changes in presentation of the interim consolidated statement of financial position

The Group has decided not to aggregate, but present separately other financial and non-financial other current assets, non-current and current liabilities since June 30, 2020, and as such, retrospectively changed presentation as of December 31, 2019.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies related to presentation (continued)

Changes in presentation of the interim consolidated statement of comprehensive income from function based to nature based approach led to reclassification of certain line items below:

		For the nine months ended September 30, 2019		
In millions of tenge	Notes	According to the issued interim condensed consolidated financial statements	Reclassifica-tions	Reclassified
Cost of purchased oil, gas, petroleum products and other materials	[A]	–	(2,938,021)	**(2,938,021)**
Production expenses	[B]	–	(541,506)	**(541,506)**
Taxes other than income tax	[C]	–	(345,143)	**(345,143)**
Depreciation, depletion and amortization	[D]	–	(252,617)	**(252,617)**
Cost of sales	[A], [B], [C], [D]	(3,837,324)	3,837,324	**–**
Transportation and selling expenses	[C], [D]	(524,748)	216,734	**(308,014)**
General and administrative expenses	[C], [D]	(157,140)	21,443	**(135,697)**
Other expenses	[D]	(13,480)	(4,207)	**(17,687)**
Loss on disposal of property, plant and equipment, intangible assets and investment property, net	[D]	(5,993)	5,993	**–**
		(4,538,685)	–	**(4,538,685)**

For the nine months ended September 30, 2019 the following changes in presentation were made:

[A] The Group elected to present *Cost of purchased oil, gas, petroleum products and other materials* as a separate line item in the interim consolidated statement of comprehensive income.

[B] Other line items previously presented within *Cost of sales*, except for *Cost of purchased oil, gas, petroleum products and other materials, taxes and depreciation,* were aggregated as *Production expenses* and presented as a separate line item in the interim consolidated statement of comprehensive income.

[C] The Group excluded mineral extraction and other taxes from *Cost of sales* in the amount of 75,504 million tenge and 56,938 million tenge, respectively, other taxes from *General and administrative expenses* of 6,171 million tenge, rent tax on crude oil export, customs duty and social taxes (presented within others) from *Transportation and selling expenses* of 103,591 million tenge, 101,768 million tenge and 1,171 million tenge, respectively, and presented as *Taxes other than income tax* in the interim consolidated statement of comprehensive income.

[D] The Group aggregated *Depreciation, depletion and amortization charges* and excluded from *Cost of sales* of 225,355 million tenge, from *General and administrative expenses* 15,272 million tenge, from *Transportation and selling expenses* 10,204 million tenge, from *Other expenses* 1,786 million tenge and presented as a separate line item in the interim consolidated statement of comprehensive income.

Additionally, interest income and expenses were presented separately within finance income and finance costs disclosures.

Changes in presentation of the interim consolidated cash flow statement from direct to indirect method in operating cash flows was applied retrospectively. Additionally viewing that one of the Group's principal activities is representation of the State interests in subsoil use contracts through interest participation in those contracts via joint ventures, the Group decided to present dividends received from joint ventures and associates of 88,577 million tenge within operating cash flows in accordance with alternative accounting choice provided by IAS 7 *Statement of cash flows*.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. REVENUE

In millions of tenge	For the three months ended September 30, 2020 (unaudited)	For the three months ended September 30, 2019* (unaudited) (reclassed)	For the nine months ended September 30, 2020 (unaudited)	For the nine months ended September 30, 2019* (unaudited) (reclassed)
Type of goods and services				
Sales of crude oil and gas*	**544,162**	975,078	**1,817,712**	2,972,133
Sales of refined products*	**351,381**	525,636	**967,110**	1,550,124
Oil and gas transportation services	**68,325**	110,760	**215,877**	270,527
Refining of oil and oil products	**48,617**	48,045	**141,086**	144,343
Other revenue	**67,550**	65,852	**192,345**	190,824
	1,080,035	1,725,371	**3,334,130**	5,127,951
Geographical markets				
Kazakhstan	**234,159**	280,853	**770,192**	871,749
Other countries	**845,876**	1,444,518	**2,563,938**	4,256,202
	1,080,035	1,725,371	**3,334,130**	5,127,951

* *For the nine months ended September 30, 2019, the Group reclassified sales of gas products of 26,506 million tenge previously presented within Sales of crude oil, gas and gas refining products into Sales of refined products (for three months ended September 30, 2019: 7,680 million tenge).*

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

In millions of tenge	For the three months ended September 30, 2020 (unaudited)	For the three months ended September 30, 2019 (unaudited)	For the nine months ended September 30, 2020 (unaudited)	For the nine months ended September 30, 2019* (unaudited)
Asian Gas Pipeline LLP	**38,858**	42,937	**115,424**	110,455
Tengizchevroil LLP	**38,724**	88,762	**108,238**	312,380
Caspian Pipeline Consortium	**14,149**	19,536	**54,813**	52,932
Beineu-Shymkent Gas Pipeline	**4,622**	4,648	**28,761**	38,488
Mangistau Investments B.V.	**7,439**	18,837	**12,194**	65,079
KazGerMunay LLP	**1,757**	2,520	**10,712**	14,383
PetroKazakhstan Inc.	**(1,014)**	(888)	**6,333**	2,060
Teniz Service LLP	**2,377**	(628)	**2,804**	7,942
Kazakhoil-Aktobe LLP	**98**	653	**1,738**	5,562
KazRosGas LLP	**(4,371)**	10,462	**(2,903)**	21,704
Ural Group Limited	**(2,412)**	(1,846)	**(7,364)**	(5,511)
KMG Kashagan B.V.	**2,151**	13,492	**(9,258)**	14,820
Valsera Holdings B.V.	**(6,654)**	(7,851)	**(10,674)**	(11,239)
Other joint ventures and associates	**3,298**	2,621	**12,484**	9,450
	99,022	193,255	**323,302**	638,505

6. COST OF PURCHASED OIL, GAS, PETROLEUM PRODUCTS AND OTHER MATERIALS

In millions of tenge	For the three months ended September 30, 2020 (unaudited)	For the three months ended September 30, 2019 (unaudited) (reclassed)	For the nine months ended September 30, 2020 (unaudited)	For the nine months ended September 30, 2019 (unaudited) (reclassed)
Purchased oil for resale	**302,697**	734,577	**954,886**	1,848,729
Purchased gas for resale	**58,163**	110,520	**262,815**	310,314
Cost of oil for refining	**63,922**	58,728	**216,901**	510,414
Materials and supplies	**62,385**	71,915	**156,544**	166,454
Purchased petroleum products for resale	**10,279**	20,205	**32,190**	102,110
	497,446	995,945	**1,623,336**	2,938,021

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. PRODUCTION EXPENSES

	For the three months ended September 30,		For the nine months ended September 30,	
In millions of tenge	**2020 (unaudited)**	2019 (unaudited) (reclassed)	**2020 (unaudited)**	2019 (unaudited) (reclassed)
Payroll	**87,365**	84,514	**245,748**	235,621
Repair and maintenance	**29,278**	37,758	**79,818**	90,668
Energy	**19,723**	20,579	**60,041**	63,364
Short-term lease expenses	**4,782**	9,766	**33,673**	36,927
Transportation costs	**16,416**	7,715	**31,281**	22,059
Other	**23,538**	44,458	**94,073**	92,867
	181,102	204,790	**544,634**	541,506

8. TAXES OTHER THAN INCOME TAX

	For the three months ended September 30		For the nine months ended September 30,	
In millions of tenge	**2020 (unaudited)**	2019 (reclassed) (unaudited)	**2020 (unaudited)**	2019 (reclassed) (unaudited)
Export customs duty	**12,300**	35,123	**53,547**	101,768
Rent tax on crude oil export	**11,060**	34,622	**30,534**	103,591
Mineral extraction tax	**16,222**	24,938	**49,292**	75,504
Other taxes	**25,234**	24,570	**70,923**	64,280
	64,816	119,253	**204,296**	345,143

9. TRANSPORTATION AND SELLING EXPENSES

	For the three months ended September 30,		For the nine months ended September 30,	
In millions of tenge	**2020 (unaudited)**	2019 (reclassed) (unaudited)	**2020 (unaudited)**	2019 (reclassed) (unaudited)
Transportation	**93,409**	84,047	**295,905**	273,571
Payroll	**3,120**	2,618	**8,950**	10,818
Other	**7,080**	5,837	**21,239**	23,625
	103,609	92,502	**326,094**	308,014

10. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended September 30,		For the nine months ended September 30,	
In millions of tenge	**2020 (unaudited)**	2019 (unaudited) (reclassed)	**2020 (unaudited)**	2019 (unaudited) (reclassed)
Payroll	**16,601**	16,407	**50,708**	53,143
Consulting services	**2,788**	6,338	**13,800**	15,063
Maintenance	**1,839**	1,948	**5,387**	5,006
Social payments, out of payroll	**1,052**	1,204	**3,986**	3,168
VAT that could not be offset	**968**	1,383	**3,029**	3,357
Communication	**1,114**	705	**2,892**	2,209
Accrual of expected credit losses for trade receivables	**157**	310	**2,310**	2,785
Short-term lease expenses	**532**	612	**1,659**	1,739
Accrual of expected credit losses for other current financial assets	**55**	3,329	**1,458**	12,044
Allowance for VAT receivable	**22**	800	**512**	11,808
Other	**7,636**	8,483	**21,841**	25,375
	32,764	41,519	**107,582**	135,697

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. GENERAL AND ADMINISTRATIVE EXPENSES (continued)

For the nine months ended September 30, 2020, the total payroll amounted to 305,406 million tenge (for the nine months ended September 30, 2019: 299,582 million tenge) and was 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, INTANGLE ASSETS AND EXPLORATION AND EVALUATION ASSETS AND EXPLORATION EXPENSE

	For the three months ended September 30,		For the nine months ended September 30,	
In millions of tenge	**2020 (unaudited)**	2019 (unaudited)	**2020 (unaudited)**	2019 (unaudited)
Impairment expense				
Property, plant and equipment *(Note 14)*	**1,971**	116,032	**204,219**	122,041
Exploration and evaluation assets	**–**	2,343	**16,389**	2,686
Intangible assets	**75**	6,195	**6,840**	6,195
	2,046	124,570	**227,448**	130,922
Exploration expense				
Exploration and evaluation assets	**19,692**	–	**19,692**	18,888
	21,738	124,570	**247,140**	149,810

Impairment losses were recognised for the following CGUs:

	For the three months ended September 30,		For the nine months ended September 30,	
In millions of tenge	**2020 (unaudited)**	2019 (unaudited)	**2020 (unaudited)**	2019 (unaudited)
KMGI CGU	**–**	93,587	**159,009**	93,587
Embamunaygas CGU (EMG CGU)	**–**	–	**60,440**	–
Drilling jackup rig "Satti"	**–**	24,505	**–**	24,505
CGU Batumi Oil Terminal	**–**	6,478	**–**	12,583
Other impaired assets	**2,046**	–	**7,999**	247
Total impairment expense	**2,046**	124,570	**227,448**	130,922

KMGI CGU

In the second quarter of 2020, the Group performed impairment test of its KMGI CGU. The Group considered forecasted refining margins and production volumes, among other factors, when reviewing for indicators of impairment.

The recoverable amount of KMGI CGU was determined based on fair value less costs of disposal (FVLCD), which was calculated using the discounted cash flow method. The key assumptions used in the fair value less costs to disposal calculations for the CGU were operating profit, refining margin, discount rates and growth rate used to extrapolate cash flows beyond the budgeted period.

The discount rate applied to cash flow projections for KMGI CGUs was 10.3% and cash flows beyond the 5-year period were extrapolated using 1.9% growth rate which is in line with the long-term average growth rate for the industry. The capitalization rate used for residual values was 8.4%.

For the purposes of impairment test, the Group updated projected cash flows to reflect the decrease in forecasted refining margins and change in post-tax discount rate.

As at June 30, 2020 based on the results of the test performed, the Group recognized impairment loss of property, plant and equipment and intangible assets of 152,244 million tenge and 6,765 million tenge *(Note 2)*, respectively, attributable to KMGI CGU.

As of September 30, 2020, at KMGI CGU no additional impairment was identified.

Sensitivity to changes in assumptions:

The additional impairment charges will occur if the weighted average cost of capital increases by more than 1%, or should the refining margin decrease by more than 5%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGLE ASSETS AND EXPLORATION AND EVALUATION ASSETS AND EXPLORATION EXPENSE (continued)

EMG CGU

In the first quarter of 2020, EMG, the Group subsidiary, 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 Group calculated recoverable amount using a discounted cash flow model for value in use valuation method. The discount rate applied to cash flow projections was equal to 13.99%. The 5-year business plan was used as a primary source of information, and contained forecasts for crude oil production, sales volumes, revenues, costs and capital expenditure. The result of this assessment indicated that the carrying value of assets exceeded their estimated recoverable amount by 60,440 million tenge *(Note 2)*, 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. As of September 30, 2020, at EMG CGU no additional impairment was identified.

Exploration expense

Exploration expense in the third quarter 2020 was 19,692 million tenge and represents write-offs of exploration expenditure that were capitalised in accordance with full cost method used by the Group into exploration and evaluation assets.

The exploration write-offs for 12,829 million tenge and 6,863 million tenge, principally arose following the Group's reassessment of expectations to extract value from certain exploration prospects. In the third quarter 2020, Ozenmunaigas JSC, the Group subsidiary, terminated "Ozen-Karamandibas" exploration subsoil use contract and EMG, the Group subsidiary, partially reduced the contract area of "Karaton-Sarkamys" exploration subsoil use contract. As of September 30, 2020, the related contract areas were not yet relinquished to the Government.

During nine months ended September 30, 2019 the Group has written-off exploration expenses of 18,888 million tenge related to certain brownfields of KMG EP, subsoil use contracts of which were terminated with full relinquishment of contract area to the Government.

All exploration expenditure is recorded within *the Exploration and production of oil and gas* segment.

12. FINANCE INCOME / FINANCE COSTS

Finance income

	For the three months ended September 30,		For the nine months ended September 30,	
In millions of tenge	**2020 (unaudited)**	2019 (unaudited)	**2020 (unaudited)**	2019 (unaudited)
Interest income on bank deposits, financial assets, loans and bonds	**20,797**	23,230	**66,463**	73,586
Amortization of issued financial guarantees	**1,642**	7,554	**4,886**	13,573
Total interest income	**22,439**	30,784	**71,349**	87,159
Discount on a loan with non-market interest rate *(Note 18)*	**–**	–	**11,002**	–
Derecognition of loan *(Note 18)*	**–**	–	**–**	546
Bonds redemption gain *(Note 18)*	**–**	–	**927**	–
Other	**606**	1,394	**3,298**	6,269
	23,045	32,178	**86,576**	93,974

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. FINANCE INCOME / FINANCE COSTS (continued)

Finance costs

In millions of tenge	For the three months ended September 30, 2020 (unaudited)	For the three months ended September 30, 2019 (unaudited)	For the nine months ended September 30, 2020 (unaudited)	For the nine months ended September 30, 2019 (unaudited)
Interest expense on loans and bonds, including tax effect	**59,454**	60,373	**179,458**	178,277
Interest expense on lease liabilities	**911**	937	**2,589**	2,922
Interest expense under oil supply agreement	–	3,407	–	18,775
Total interest expense	**60,365**	64,717	**182,047**	199,974
Unwinding of discount on asset retirement obligations and provision for environmental obligation	**3,168**	3,112	**9,858**	9,443
Discount on employee benefits obligations	**764**	722	**2,443**	2,382
Issued financial guarantees	–	11,162	–	11,162
Other	**2,780**	5,178	**7,913**	21,777
	67,067	84,891	**202,261**	245,738

13. INCOME TAX EXPENSE

In millions of tenge	For the three months ended September 30, 2020 (unaudited)	For the three months ended September 30, 2019 (unaudited)	For the nine months ended September 30, 2020 (unaudited)	For the nine months ended September 30, 2019 (unaudited)
Current income tax				
Corporate income tax	**21,399**	37,586	**55,360**	109,438
Excess profit tax	**688**	(436)	**480**	6,906
Withholding tax on dividends and interest income	**3,249**	3,340	**8,834**	9,825
Deferred income tax				
Corporate income tax	**(1,128)**	(29,912)	**(22,284)**	(6,502)
Excess profit tax	**(9)**	(1,946)	**3,438**	(1,843)
Withholding tax on dividends	**6,535**	13,314	**16,236**	46,857
Income tax expense	**30,734**	21,946	**62,064**	164,681

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. PROPERTY, PLANT AND EQUIPMENT

In millions of tenge	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve-ments	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
As at January 1, 2019 (restated)	1,081,676	787,813	1,550,680	263,204	394,602	116,561	44,124	275,986	4,514,646
Foreign currency translation	6,672	396	4,939	1,058	788	90	160	308	14,411
Additions	24,880	944	195	591	5,639	2,340	1,281	219,281	255,151
Change in estimate	5,598	3,291	–	22	–	–	–	–	8,911
Disposals	(17,058)	(1,040)	(2,823)	(9,963)	(5,078)	(1,388)	(4,866)	(598)	(42,814)
Depreciation charge	(67,188)	(21,861)	(88,154)	(13,106)	(28,926)	(9,078)	(6,987)	–	(235,300)
Accumulated depreciation and impairment on disposals	9,405	960	2,775	6,729	4,668	1,240	4,472	486	30,735
(Impairment)/impairment reversal (Note 11)	1,748	517	(86,946)	(4,709)	(29,469)	(805)	(260)	(2,117)	(122,041)
Transfers from/(to) assets classified as held for sale	44	–	(60)	(10,108)	(18,361)	(97)	(61)	–	(28,643)
Transfers from/(to) investment property	215	–	–	16,769	146	–	2,354	(6)	19,478
Transfers from/(to) inventory, net	25	(25)	2,936	1	695	13	38	1,709	5,392
Transfers from exploration and evaluation assets	1,735	–	–	–	–	–	–	1,034	2,769
Transfers from/(to) intangible assets	–	–	–	–	–	–	68	(2,144)	(2,076)
Transfers and reclassifications	117,240	2,370	33,172	34,835	124,432	2,000	5,708	(319,757)	–
Net book value as at September 30, 2019 (unaudited)	1,164,992	773,365	1,416,714	285,323	449,136	110,876	46,031	174,182	4,420,619
At cost	2,297,221	991,922	2,424,770	558,780	826,618	237,991	126,342	225,215	7,688,859
Accumulated depreciation and impairment	(1,132,229)	(218,557)	(1,008,056)	(273,457)	(377,482)	(127,115)	(80,311)	(51,033)	(3,268,240)
Net book value as at September 30, 2019 (unaudited)	1,164,992	773,365	1,416,714	285,323	449,136	110,876	46,031	174,182	4,420,619

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

In millions of tenge	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve-ments	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
Net book value as at December 31, 2019 (audited)	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, net	–	–	–	–	–	–	(581)	(524)	(1,105)
Transfers to investment property	–	–	–	(23,253)	–	–	–	–	(23,253)
Transfers from exploration and evaluation assets	76	–	–	–	–	–	–	–	76
Transfers and reclassifications	66,473	15,644	4,418	17,406	70,928	4,206	5,606	(184,681)	–
Net book value as at September 30, 2020 (unaudited)	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)
Net book value as at September 30, 2020 (unaudited)	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 (continued)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Additions

For the nine months ended September 30, 2020, additions of Group subsidiaries to capital work in progress are mainly attributable to development drilling at Ozenmunaigas, Embamunaigas and Karachaganak for the total of 108,209 million tenge, construction of compressor stations at KazTransGas (KTG) for 83,937 million tenge within the framework of the projects "Beineu-Bozoy-Shymkent and Bukhara-Ural" and reconstruction of "Bozoi" underground gas storage, replacement of "Prorva-Kulsary" pipeline for 17,437 million tenge at KazTransOil (KTO), and overhauls of plant facilities at Rompetrol Rafinare for 43,189 million tenge.

Transfer to investment property

During the nine months ended September 30, 2020, the Group has transferred from property, plant and equipment to investment property a building, located in Nur–Sultan, Kabanbay batyr avenue, 19, for 23,253 million tenge due to change in designation of the asset from owner-occupied property to leased out to third parties.

Change in advances paid

For the nine months ended September 30, 2020, the decrease in the advance payments was due to the settlement of prepayments on "Beineu-Bozoy-Shymkent" project by 46,201 million tenge, the effect of which was partially offset by new advances paid under the contracts for drilling and construction of oil pipeline "Uzen-Atyrau-Samara" for the total of 15,187 million tenge.

Other

For the nine months ended September 30, 2020, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs related to the construction of new assets of 2,365 million tenge at the average interest rate of 4.64% (for the nine months ended September 30, 2019: 2,198 million tenge at the average interest rate of 3.62%) (*Note 18*).

As at September 30, 2020, the cost of fully depreciated but still in use property, plant and equipment was 451,382 million tenge (as at December 31, 2019: 394,841 million tenge).

As at September 30, 2020, property, plant and equipment with the net book value of 917,198 million tenge (as at December 31, 2019: 1,023,146 million tenge) were pledged as collateral to secure borrowings and payables of the Group.

Capital commitments are disclosed in *Note 22*.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

In millions of tenge	Main activity	Place of business	September 30, 2020 (unaudited) Carrying value	September 30, 2020 (unaudited) Percentage ownership	December 31, 2019 (audited) Carrying value	December 31, 2019 (audited) Percentage ownership
Joint ventures						
Tengizchevroil LLP (TCO)	Oil and gas exploration and production	Kazakhstan	**2,797,308**	**20.00%**	2,377,207	20.00%
KMG Kashagan B.V.	Oil and gas exploration and production	Kazakhstan	**2,312,814**	**50.00%**	2,057,795	50.00%
Asia Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	**283,511**	**50.00%**	168,086	50.00%
Mangistau Investments B.V. (MIBV)	Oil and gas development and production	Kazakhstan	**161,033**	**50.00%**	158,867	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	**130,527**	**50.00%**	101,766	50.00%
KazRosGas LLP (KRG)	Processing and sale of natural gas and refined gas products	Kazakhstan	**74,666**	**50.00%**	79,849	50.00%
KazGerMunay LLP (KGM)	Oil and gas exploration and production	Kazakhstan	**33,003**	**50.00%**	25,620	50.00%
Ural Group Limited BVI (UGL)	Oil and gas exploration and production	Kazakhstan	**28,095**	**50.00%**	47,662	50.00%
MunayTas LLP	Oil transportation	Kazakhstan	**22,484**	**51.00%**	21,373	51.00%
Kazakhoil-Aktobe LLP (KOA)	Production of crude oil	Kazakhstan	**20,177**	**50.00%**	21,438	50.00%
Teniz Services LLP	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	**19,386**	**48.996%**	19,277	48.996%
Valsera Holding BV	Oil refining	Kazakhstan	**–**	**50.00%**	12,776	50.00%
Other			**20,103**		19,641	
Associates						
Caspian Pipeline Consortium (CPC)	Transportation of liquid hydrocarbons	Kazakhstan/Russia	**463,252**	**20.75%**	359,173	20.75%
PetroKazakhstan Inc. (PKI)	Exploration, production and processing of oil and gas	Kazakhstan	**89,259**	**33.00%**	95,320	33.00%
Other			**31,053**		24,534	
			6,486,671		5,590,384	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. 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, 2020, the Group's share in unrecognized losses of joint ventures and associates was equal to 22,548 million tenge (as of December 31, 2019: 17,812 million tenge).

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

In millions of tenge	
At December 31, 2019 (audited)	**5,590,384**
Share in profits of joint ventures and associates, net *(Note 5)*	**323,302**
Other changes in the equity of the joint venture	**912**
Contribution to share / charter capital without change in ownership	**1,444**
Dividends received	**(49,970)**
Change in dividends receivable	**2,414**
Impairment of investments	**(38,000)**
Transfers to assets held for sale	**(3,080)**
Eliminations and adjustments	**2,937**
Foreign currency translation	**656,328**
At September 30, 2020 (unaudited)	**6,486,671**

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 effective from January 1, 2018 to December 31, 2020 (further "Option"). On December 20, 2017, the exercise period for the call option was changed to January 1, 2020 and December 31, 2022. As of September, 30, 2020 and December 31, 2019 the fair value of the option was insignificant.

During the nine months ended September 30, 2020, dividends are mainly received from KRG, MIBV, KOA and KGM for 15,155 million tenge, 9,822 million tenge, 8,000 million tenge and 6,172 million tenge, respectively.

The Group impaired its investments in PKI and UGL for 18,000 million tenge and 20,000 million tenge, respectively.

16. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

In millions of tenge	**September 30, 2020 (unaudited)**	December 31, 2019 (audited)
Trade accounts receivable	**425,553**	430,125
Less: allowance for expected credit losses	**(33,828)**	(32,368)
Trade accounts receivable	**391,725**	397,757
Other current financial assets		
Other receivables	**81,860**	91,610
Dividends receivable	**4,865**	7,582
Less: allowance for expected credit losses	**(40,236)**	(35,637)
	46,489	63,555
Other current non-financial assets		
Advances paid and prepaid expenses	**67,083**	138,822
Taxes receivable, other than VAT	**30,353**	52,642
Other current non-financial assets	**8,479**	10,794
Less: impairment allowance	**(3,682)**	(3,719)
	102,233	198,539
Total other current financial and non-financial assets	**148,722**	262,094

As at September 30, 2020 and December 31, 2019 the above assets were non-interest bearing.

As at September 30, 2020 trade accounts receivable of 175,205 million tenge were pledged as collateral (December 31, 2019: 71,296 million tenge).

16. 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, 2020 and December 31, 2019:

In millions of tenge	**September, 30 2020 (unaudited)**	December, 31 2019 (audited)
Tenge	**94,961**	118,870
US dollars	**229,602**	206,155
Romanian Leu	**59,046**	60,673
Euro	**5,154**	4,676
Other currency	**2,962**	7,383
	391,725	397,757

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

	Days past due					
In millions of tenge	**current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
September 30, 2020						
Expected credit loss rate	**0.12%**	**2.14%**	**3.06%**	**4.00%**	**79.78%**	
Trade accounts receivable	**366,046**	**11,886**	**4,478**	**1,898**	**41,245**	**425,553**
Expected credit losses	**454**	**254**	**137**	**76**	**32,907**	**33,828**

	Days past due					
In millions of tenge	current	<30 days	30-60 days	61-90 days	>91 days	Total
December 31, 2019						
Expected credit loss rate	0.12%	1.19%	5.30%	3.37%	82.30%	
Trade accounts receivable	364,869	19,869	5,418	1,871	38,098	430,125
Expected credit losses	427	236	287	63	31,355	32,368

17. CASH AND CASH EQUIVALENTS

In millions of tenge	**September 30, 2020 (unaudited)**	December 31, 2019 (audited)
Term deposits with banks – US dollars	**524,839**	108,298
Term deposits with banks – tenge	**220,926**	210,354
Term deposits with banks – other currencies	**57,434**	6,450
Current accounts with banks – US dollars	**310,917**	633,231
Current accounts with banks – tenge	**78,703**	75,168
Current accounts with banks – other currencies	**7,117**	10,220
Cash in transit	**2,125**	19,991
Cash-on-hand and cheques	**1,011**	1,150
Less: allowance for expected credit losses	**(55)**	(410)
	1,203,017	1,064,452

As at September 30, 2020, the weighted average interest rate for term deposits with banks was 0.77% in US dollars, 8.06% in tenge and 1.73% in other currencies, respectively (December 31, 2019: 2.02% in US dollars, 8.84% in tenge and 0.12% in other currencies, respectively).

As at September 30, 2020 and December 31, 2019, cash and cash equivalents were not pledged as collateral.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. BORROWINGS

In millions of tenge	September, 30 2020 (unaudited)	December, 31 2019 (audited)
Fixed interest rate borrowings	**3,582,442**	3,146,477
Weighted average interest rates	**5.45%**	5.48%
Floating interest rate borrowings	**678,127**	691,027
Weighted average interest rates	**3.72%**	5.73%
	4,260,569	3,837,504

In millions of tenge	September, 30 2020 (unaudited)	December, 31 2019 (audited)
Borrowings – US dollars	**3,976,106**	3,555,347
Borrowings – tenge	**279,022**	271,776
Borrowings – euro	**2,309**	2,881
Borrowings – other currencies	**3,132**	7,500
	4,260,569	3,837,504

In millions of tenge	September, 30 2020 (unaudited)	December, 31 2019 (audited)
Current portion	**481,500**	253,428
Non-current portion	**3,779,069**	3,584,076
	4,260,569	3,837,504

As at September 30, 2020 and as at December 31, 2019, the bonds comprised:

In millions of tenge	Issuance amount	Redemption date	Interest	September, 30 2020 (unaudited)	December, 31 2019 (audited)
Bonds					
AIX 2019	56 billion KZT	2024	5.00%	**45,797**	52,843
Bonds LSE 2018	1.5 billion USD	2048	6.375%	**658,509**	574,230
Bonds LSE 2018	1.25 billion USD	2030	5.375%	**551,770**	482,393
Bonds LSE 2018	0.5 billion USD	2025	4.75%	**220,167**	192,764
Bonds LSE 2017	1.25 billion USD	2047	5.75%	**537,499**	468,940
Bonds LSE 2017	1 billion USD	2027	4.75%	**435,164**	380,413
Bonds ISE 2017	750 million USD	2027	4.375%	**304,352**	289,487
Bonds LSE 2017	0.5 billion USD	2022	3.88%	**218,852**	191,694
Bonds LSE 2013	1 billion USD	2023	4.40%	**176,817**	154,442
Other	–	–	–	**4,481**	4,518
Total				**3,153,408**	2,791,724

The increase in carrying value of placed bonds during the nine months ended September 30, 2020, is mainly due to the effect of the foreign currency exchange rate on bonds placed at LSE and ISE and denominated in US dollars for 356,600 million tenge.

In May 2020, KTG made an early partial settlement of bonds placed at ISE for the total amount of 41 million US dollars (equivalent to 17,816 million tenge as at transactions dates) with bonds redemption fee of 927 million tenge *(Note 12)*.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. BORROWINGS (continued)

As at September 30, 2020 and December 31, 2019, the loans received comprised of the following:

In millions of tenge	Issuance amount	Redemption date	Interest	September, 30 2020 (unaudited)	December, 31 2019 (audited)
Loans					
The Export-Import Bank of China	1.13 billion USD	2026	6M Libor + 4.10%	**291,065**	350,042
Development bank of Kazakhstan JSC (DBK)	230 billion KZT	2022-2028	7.00%-10.20%	**167,388**	138,313
DBK	1.1 billion USD	2023-2025	6M Libor + 4.00%, 5.00%, 10.99%	**112,643**	131,022
The Syndicate of banks *(Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank)*	360 million USD	2023	1M Libor + 2.75%, 1M Libor + 2.50%, 1M Robor + 2.00%	**87,418**	99,554
The Syndicate of banks (*Citibank, N.A. London Branch, Mizuho Bank Ltd., MUFG Bank Ltd., Société Générale, ING Bank and ING Bank N.V.*)	200 million USD	2021	3M Libor + 1.35%	**86,402**	76,442
Japan Bank for International Cooperation	297.5 million USD	2025	2.19% + CIRR	**68,858**	65,254
Halyk bank JSC (Halyk bank)	100 million USD[1]	2023	5.00%	**43,257**	38,323
Halyk bank	150 million USD	2024	5.25%	**42,716**	52,771
European Bank for Reconstruction and Development (EBRD)	68 billion KZT	2026	3M CPI + 50 basis points + 2.15%	**35,215**	42,940
ING Bank NV	100 million USD	2021	COF(0.55%) + 1.50%	**30,494**	–
EBRD	39 billion KZT	2026	6M CPI + 100 basis points + 2.15%	**25,424**	24,573
Credit Agricole	75 million USD	2021	COF (0.30%) + 2.00%	**23,623**	874
Banque de Commerce et de Placements	368 million USD[1]	2021	COF (0.77%) + 1.50%	**21,790**	–
Mitsubishi UFJ Financial Group Bank	100 million USD	2021	COF (0.19%) + 1.50%	**18,270**	–
Sberbank Russia	50 million USD	2020	COF (0.93%) + 1.50%	**17,235**	13,773
Other	–	–	–	**35,363**	11,899
Total				**1,107,161**	1,045,780

[1] Revolving credit facility.

18. BORROWINGS (continued)

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

	2020				2019			
In millions of tenge	**Short-term loans**	**Long-term loans**	**Bonds**	**Total**	Short-term loans	Long-term loans	Bonds	Total
On January 1 (audited)	**70,843**	**974,937**	**2,791,724**	**3,837,504**	81,813	1,258,009	2,813,416	4,153,238
Received in cash	**129,576**	**56,298**	**–**	**185,874**	286,981	74,751	56,223	417,955
Interest paid	**(5,126)**	**(54,248)**	**(90,434)**	**(149,808)**	(3,700)	(63,216)	(95,597)	(162,513)
Repayment of principal in cash	**(31,991)**	**(172,021)**	**(29,663)**	**(233,675)**	(313,993)	(246,560)	(57,805)	(618,358)
Interest expense	**5,112**	**50,332**	**120,488**	**175,932**	3,534	55,399	114,997	173,930
Interest capitalized *(Note 14)*	**–**	**2,365**	**–**	**2,365**	–	2,198	–	2,198
Discount *(Note 12)*	**–**	**(11,002)**	**–**	**(11,002)**	–	–	–	–
Derecognition of loan *(Note12)*	**–**	**–**	**–**	**–**	–	(546)	–	(546)
Bonds redemption gain *(Note 12)*	**–**	**–**	**(927)**	**(927)**	–	–	–	–
Currency translation	**9,101**	**10,961**	**315,220**	**335,282**	276	819	23,301	24,396
Foreign exchange loss/(gain)	**5,064**	**67,710**	**47,000**	**119,774**	(1,746)	5,305	4,770	8,329
Other	**–**	**(750)**	**–**	**(750)**	110	2,154	116	2,380
On September 30 (unaudited)	**182,579**	**924,582**	**3,153,408**	**4,260,569**	53,275	1,088,313	2,859,421	4,001,009
Current portion	**182,579**	**220,076**	**78,845**	**481,500**	53,275	140,145	71,067	264,487
Non-current portion	**–**	**704,506**	**3,074,563**	**3,779,069**	–	948,168	2,788,354	3,736,522

Covenants

The Group is required to ensure the execution of the financial and non-financial covenants under the loan agreements. As of September 30, 2020 and December 31, 2019 the Group complied with all financial and non-financial covenants.

Hedge of net investment in the foreign operations

As at September 30, 2020, certain borrowings denominated in US dollar were designated as the hedge instrument for the net investment in the foreign operations, hereby hedging the Group's exposure to the US dollar foreign exchange risk. For the nine months ended September 30, 2020 forex loss of 315,220 million tenge (for the nine months ended September 30, 2019: forex loss of 23,301 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. For the nine months ended September 30, 2020 and 2019 there were no ineffective portion of the hedge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL LIABILITIES

In millions of tenge	**September, 30 2020 (unaudited)**	December, 31 2019 (audited)
Other current financial liabilities		
Due to employees	**48,599**	51,613
Financial guarantees	**5,577**	5,866
Dividends payable	**489**	354
Other	**25,118**	35,306
	79,783	93,139
Other current non-financial liabilities		
Contract liabilities	**85,643**	184,362
Short-term lease prepayments	**252**	4,399
Other	**12,004**	21,116
	97,899	209,877
Total other current financial and non-financial liabilities	**177,682**	303,016
Trade accounts payable	**540,761**	667,861

The decrease in contract liabilities was mainly due to the change of payment terms of crude oil supply agreement from full prepayment to credit sales effective since February 2020.

Trade accounts payable is denominated in the following currencies as of September 30, 2020 and December 31, 2019:

In millions of tenge	**September, 30 2020 (unaudited)**	December, 31 2019 (audited)
Tenge	**295,302**	328,538
US dollars	**187,619**	280,742
Romanian Leu	**41,217**	42,740
Euro	**4,356**	3,196
Other currency	**12,267**	12,645
	540,761	667,861

20. 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. Outstanding balances are mainly unsecured and interest free and settlement occurs in cash. The Group recognizes allowances for expected credit losses on amounts owed to the related parties in line with expected credit losses policies and the same principles as to third parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. RELATED PARTY DISCLOSURES (continued)

Transactions balances

The following table provides the balances of transactions with related parties as at September 30, 2020 and December 31, 2019:

In millions of tenge	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	**September 30, 2020 (unaudited)**	**374,519**	**2,058**	**–**	**45,797**
	December 31, 2019 (audited)	327,597	6,168	–	52,843
Associates	**September 30, 2020 (unaudited)**	**11,029**	**2,847**	**–**	**–**
	December 31, 2019 (audited)	56,331	3,814	–	–
Other state-controlled parties	**September 30, 2020 (unaudited)**	**3,962**	**559**	**129,542**	**280,031**
	December 31, 2019 (audited)	6,381	712	192,548	269,334
Joint ventures	**September 30, 2020 (unaudited)**	**457,183**	**303,443**	**–**	**–**
	December 31, 2019 (audited)	519,351	217,027	–	–

Due from/to related parties

Samruk-Kazyna entities

As at September 30, 2020, the increase in due from Samruk-Kazyna entities is mainly due to additional tranches of financial aid for 33,164 million tenge provided to Samruk-Kazyna.

Associates

As at September 30, 2020, the decrease in due from associates was mainly attributable to the interest repayment on the "Kazakhstan Note" for 37,847 million tenge by CPC.

Joint ventures

As at September 30, 2020, the decrease in due from joint ventures is mainly due to settlement of advances paid to TCO for crude oil delivery. The increase in due to joint ventures is primarily attributable to the increase in accounts payable to TCO for crude oil by 51,444 million tenge and due to Beineu-Shymkent Pipelines LLP for gas transportation by 28,168 million tenge.

Cash and deposits placed with related parties

Other state-controlled parties

As at September 30, 2020, the decrease in cash and deposits is due to net withdrawal of deposits placed with the related party for 100 million US dollars (equivalent to 41,800 million tenge as of the withdrawal date).

Proceeds from loans given to related parties

During the nine months ended September 30, 2020, the Group received proceeds from principal and interest redemption of the loan issued to PetroKazakhstan Oil Products LLP ("PKOP") for 16,688 million tenge (during the nine months ended September 30, 2019: 17,082 million tenge), and proceeds from interest redemption on the loans issued to CPC, by KPV, the subsidiary, for 9,498 million tenge (during the nine months ended September 30, 2019: 9,102 million tenge), BeineuShymkent Pipelines LLP for 6,891 million tenge (during the nine months ended September 30, 2019: 4,267 million tenge), and the "Kazakhstan Note" from CPC for 37,847 million tenge (during the nine months ended September 30, 2019: 34,459 million tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. RELATED PARTY DISCLOSURES (continued)

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, 2020 and 2019:

In millions of tenge	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	**2020 (unaudited)**	**7,914**	**19,702**	**21,863**	**1,737**
	2019 (unaudited)	31,663	16,409	17,399	2,024
Associates	**2020 (unaudited)**	**17,186**	**18,435**	**2,734**	**–**
	2019 (unaudited)	6,019	22,635	6,666	–
Other state-controlled parties	**2020 (unaudited)**	**37,735**	**17,803**	**11,921**	**20,005**
	2019 (unaudited)	3,679	1,502	398	18,377
Joint ventures	**2020 (unaudited)**	**224,481**	**804,561**	**23,299**	**349**
	2019 (unaudited)	235,981	1,105,732	21,867	5,935

Purchases from related parties

Joint ventures

The decrease in purchases from joint ventures is primarily driven by the decrease in the volume of crude oil purchased from TCO and oil price decline occurred in March 2020.

Sales to related parties

Samruk-Kazyna entities and other state-controlled parties

The increase in sales to state-controlled parties and decrease in Samruk-Kazyna entities is due to the fact that MAEK-Kazatomprom LLP has been disposed from the Samruk-Kazyna and directly controlled by the Government during nine months ended September 30, 2020.

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 5,144 million tenge and 6,601 million tenge, respectively, for the nine months ended September 30, 2020 and 2019. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

21. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

Fair values of financial instruments

The carrying amount of the Group financial instruments as at September 30, 2020 and December 31, 2019 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

	September 30, 2020 (unaudited)				
	Carrying	Fair	Fair value by level of assessment		
In millions of tenge	amount	value	Level 1	Level 2	Level 3
Bonds receivable from Samruk-Kazyna	**16,856**	**14,341**	**–**	**14,341**	**–**
Debts issued to related parties at amortised cost and lease receivable from a joint venture	**535,444**	**542,899**	**–**	**346,281**	**196,618**
Fixed interest rate borrowings	**3,582,442**	**4,092,652**	**3,623,914**	**468,738**	**–**
Floating interest rate borrowings	**678,127**	**695,600**	**–**	**695,600**	**–**
Issued financial guarantees	**16,671**	**22,870**	**–**	**–**	**22,870**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Fair values of financial instruments (continued)

	December 31, 2019 (audited)				
	Carrying	Fair	Fair value by level of assessment		
In millions of tenge	amount	value	Level 1	Level 2	Level 3
Bonds receivable from Samruk-Kazyna	16,241	18,835	–	18,835	–
Debts issued to related parties at amortised cost and lease receivable from a joint venture	510,002	506,868	–	304,422	202,446
Fixed interest rate borrowings	3,146,477	3,576,082	3,172,400	403,682	–
Floating interest rate borrowings	691,027	714,271	–	714,271	–
Issued financial guarantees	20,189	20,189	–	–	20,189

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

There were no changes in the Group's valuation processes, techniques and types of inputs used in the fair value measurements during the nine months ended September 30, 2020.

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**
Debts issued to related parties at amortised cost and lease receivable from a joint venture	DCF method	Discount rate	**September 30, 2020: 4.2%-6.6%** December 31, 2019: 4.5%-9.1%
Issued financial guarantees	DCF method	Discount rate	**September 30, 2020: 5.0%** December 31, 2019: 4.1%

22. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to the contingent liabilities and commitments disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2019, the following changes have taken place during the nine months ended September 30, 2020:

Cost recovery audits

As of September 30, 2020 Group's share in the total disputed amounts of costs is 458,270 million tenge (as of December 31, 2019: 402,474 million tenge), including its share in the joint venture. The disputed amounts are denominated in US dollars and the change in the amount is due to the increase of exchange rate of tenge against US dollar.

Kazakhstan local market obligation

During the nine months ended September 30, 2020 in accordance with its obligations, the Group delivered to local market 4,641,441 ton of crude oil (for the nine months ended September 30, 2019: 4,573,662 ton), including its share in joint ventures and associates.

22. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Commitments under subsoil use contracts

As at September 30, 2020, the Group had the following commitments related to minimal working program in accordance with terms of licenses and subsoil use contracts, signed with the Government, including its share in joint ventures:

In millions of tenge	Capital expenditures	Operational expenditures
Year		
2020	53,753	4,590
2021	95,289	20,457
2022	95,824	6,279
2023	9,356	6,722
2024-2048	13,217	26,542
Total	**267,439**	**64,590**

Oil supply commitments

As of September 30, 2020 the Group had commitments under the oil supply agreements in the total amount of 10.46 million ton (as of December 31, 2019: 12.8 million ton), including its share in the joint venture commitments.

Other contractual commitments

As of September 30, 2020, the Group, including its share in joint ventures commitments, had other capital commitments of approximately 338,815 million tenge (as of December 31, 2019: 335,609 million tenge), related to acquisition and construction of long-lived assets.

As of September 30, 2020, the Group had commitments of 32,933 million tenge (as of December 31, 2019: 78,677 million tenge) under the investment programs approved by the joint order of the Ministry of Energy of the RK and *Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the RK* (hereinafter – the CRNM) to facilitate production units.

Under the antimonopoly law KTO, the Group subsidiary, and Kazakhstan-China Pipeline LLP (KCP), the joint venture of KTO, have not fulfilled their investment programs related to previous years (2015-2019) for 26,552 million tenge and 14,477 million tenge (the Group share), respectively. Accordingly, these amounts were not included to commitments of the Group as at September 30, 2020.

With respect to KTO, the CRNM might apply a temporary compensating tariffs to decrease KTO's future tariffs (2021-2025) to compensate for unfulfillment. The CRNM's decision is expected to be issued by the end of November 2020.

With regard to KCP, the CRNM has applied temporary compensating tariffs from October 2020 till September 2022, this has been challenged by KCP at court. The court hearing date was not set yet.

Legal claim contingencies

Possible breach of anti-monopoly regulations at Atyrau refinery LLP (Atyrau refinery)

The Department of the Committee for protection and development of competition of the Ministry of national economy of the Republic of Kazakhstan for the Atyrau region (hereinafter the Department) has conducted an antimonopoly investigation against Atyrau refinery.

On July 9, 2020 the Department finalized investigation results, and concluded that the third-party services were enforced into previous period tolling contracts (January 2016 - August 2018), which breaches RK anti-monopoly legislation.

On August 5, 2020 the Department issued an order to remedy alleged breach, and took this case to the Administrative court.The Department's order was appealed by Atyrau refinery in the Civil court. Additionally, Atyrau refinery made a petition to the Administrative court to suspend proceedings until the Civil court decision was made. This petition was accepted by the Administrative court.

On September 10, 2020, the Civil court ordered that the investigation results were unlawful and terminated the proceedings. This order was appealed by the Department at the Appeal court, and the case resolution will be made based on court proceedings.

22. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Legal claim contingencies (continued)

Possible breach of anti-monopoly regulations at Atyrau refinery (continued)

In the meantime, on October 19, 2020, the Administrative court terminated administrative proceedings due to the absence of an administrative offence. As at September 30, 2020, the Group did not recognize any provision for the given matter as the Group believes it will be successful in defending its position on this matter.

Resolution of civil litigation at KMGI

On December 5, 2019 the Prosecutor's Office of Romania (further the POR) issued an ordinance according to which charges related to the disputes between the Romanian Government and KMGI were dismissed due to expiration of the statute of limitations.

Three following plaintiffs filed a complaint against the above POR's decision:

1) The Romanian Privatization Agency on the improper fulfillment by KMGI of the post-privatization requirements for obligations of Petromidia Refinery and Vega Refinery in 2013-2014 for 30 million US dollars;

2) Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, who challenged decisions of KMGI as a shareholder of Rompetrol Rafinare S.A. for 55 million US dollars;

3) Mr. Stephenson George Philip, the former director of KMGI.

On December 27, 2019 KMGI appealed against the ordinance and required the case to be dismissed on merits, not expiration of statute of limitations.

On July 10, 2020, the Supreme Court issued a final decision according to which all the complaints against the POR's decision was rejected as inadmissible.

However, Faber has resumed one of the previous filings, which challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital of 2003-2005. The hearing was held on November 10, 2020, and the court decision is expected to be released on November 25, 2020.

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

Sign-off of settlement agreement between KMG Drilling and Services LLP (KMG DS) and Consortium

As of December 31, 2019, KMG DS, the subsidiary of the Group, accrued a provision of 90 million US dollars (equivalent to 34,132 million tenge at the exchange rate for December 31, 2019) in relation to the dispute with the Consortium of companies (Ersai Caspian Contractor LLP and Caspian Offshore and Marine Construction LLP), which is discussed in detail in the annual consolidated financial statements of the Group for the year ended December 31, 2019

On July 15, 2020, KMG DS and the Consortium signed-off a settlement agreement on the dispute with a slight increase in settlement amount by 0.4 million US dollars.

On November 17, 2020, the full settlement amount of 90.4 million US dollars (equivalent to 38,821 million tenge at transaction date) was paid-off by KMG DS.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. 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 KMG's activities separately, since KMG 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* to the financial statements.

For the nine months ended September 30, 2020 disaggregated revenue type *Sales of crude oil and gas* mainly represents sales made by the following operating segments: *Gas trading and transportation* of 584,661 million tenge (for the nine months ended September 30, 2019: 633,844 million tenge) and *Refining and trading of crude oil and refined products of* 1,233,052 million tenge (for the nine months ended September 30, 2019: 2,338,290 million tenge).

For the nine months ended September 30, 2020 disaggregated revenue type *Sales of refined products* mainly includes revenue of operating segments such as *Refining and trading of crude oil and refined products* of 712,550 million tenge (for the nine months ended September 30, 2019: 1,206,096 million tenge), *Sales of crude oil and gas* of 2,922 million tenge (for the nine months ended September 30, 2019: 3,072 million tenge) and *Corporate* of 243,754 million tenge (for the nine months ended September 30, 2019: 252,645 million tenge).

Segment performance is evaluated based on revenues, net profit and EBITDA, which are measure on the same basis as in the 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, impairment of property, plant and equipment, intangible assets and exploration and evaluation assets, exploration expenses, impairment of investments in joint venture and associate, finance income and expense, income tax expense.

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

Eliminations represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments 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.

Geographic information

The Group's property, plant and equipment *(Note 14)* are located in the following countries:

In millions of tenge	**September, 30 2020 (unaudited)**	December, 31 2019 (audited)
Kazakhstan	**3,797,599**	3,751,128
Other countries	**663,916**	733,143
	4,461,515	4,484,271

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. 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, 2020 and for the period then ended:

In millions of tenge	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Corporate	Other	Elimination and adjustments	Total
Revenue from sales to external customers	5,844	166,877	689,740	2,150,873	244,186	76,610	–	3,334,130
Revenue from sales to other segments	634,586	75,281	14,187	234,423	29,305	56,964	(1,044,746)	–
Total revenue	640,430	242,158	703,927	2,385,296	273,491	133,574	(1,044,746)	3,334,130
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
EBITDA	264,786	177,901	274,413	150,754	(17,424)	(2,661)	3,721	851,490
EBITDA, %	31%	21%	32%	18%	(2%)	0%	0%	
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, intangible assets and exploration and evaluation assets	(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 expense	(39,008)	(17,246)	(19,793)	24,348	(8,773)	(1,592)	–	(62,064)
Net profit for the period	116,993	130,767	184,551	(219,948)	462,246	(18,063)	(520,093)	136,453
Other segment information								
Investments in joint ventures and associates	5,446,859	494,198	489,812	31,059	–	24,743	–	6,486,671
Capital expenditures	122,905	20,435	97,323	66,133	6,793	8,701	–	322,290
Allowances for obsolete inventories, expected credit losses on accounts receivable, impairment of advances paid and other assets	(4,491)	(5,739)	(9,304)	(48,474)	(24,414)	(9,176)	–	(101,598)
Assets of the segment	7,894,325	1,156,469	2,397,517	2,624,795	1,450,682	293,909	(952,134)	14,865,563
Liabilities of the segment	754,304	175,028	969,846	1,658,630	3,416,062	136,025	(950,391)	6,159,504

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. SEGMENT REPORTING (continued)

The following represents information about profit or loss, and assets and liabilities of operating segments of the Group for the period ended September 30, 2019 and as of December 31, 2019:

In millions of tenge	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Corporate	Other	Elimination and adjustments	Total
Revenue from sales to external customers	73,736	176,686	782,696	3,830,007	252,645	12,181	–	5,127,951
Revenue from sales to other segments	1,047,443	75,256	687	413,249	85,636	11,092	(1,633,363)	–
Total revenue	1,121,179	251,942	783,383	4,243,256	338,281	23,273	(1,633,363)	5,127,951
Cost of purchased oil, gas, petroleum products and other materials	(45,281)	(9,318)	(319,516)	(3,798,687)	(155,375)	(834)	1,390,990	(2,938,021)
Production expenses	(285,175)	(102,545)	(49,463)	(149,198)	(107,314)	(10,702)	162,891	(541,506)
Taxes other than income tax	(297,474)	(9,953)	(12,517)	(9,408)	(14,451)	(1,340)	–	(345,143)
Transportation and selling expenses	(121,503)	(864)	(194,507)	(52,733)	(5,377)	1	66,969	(308,014)
General and administrative expenses	(34,976)	(9,370)	(23,896)	(29,903)	(26,910)	(15,414)	4,772	(135,697)
Share in profit of joint ventures and associates, net	410,309	54,116	170,623	(9,203)	–	12,660	–	638,505
EBITDA	747,079	174,008	354,107	194,124	28,854	7,644	(7,741)	1,498,075
EBITDA, %	50%	11%	24%	13%	2%	1%	(1%)	
Depreciation, depletion and amortization	(75,161)	(30,128)	(31,091)	(107,822)	(2,853)	(5,562)	–	(252,617)
Finance income	73,766	4,425	13,421	30,796	186,299	280	(215,013)	93,974
Finance costs	(16,060)	(4,964)	(36,889)	(98,834)	(197,325)	(6,023)	114,357	(245,738)
Impairment of property, plant and equipment, intangible assets and exploration and evaluation assets	(650)	(12,381)	682	(93,626)	(438)	(24,509)	–	(130,922)
Exploration expenses	(18,888)	–	–	–	–	–	–	(18,888)
Income tax expense	(109,887)	(19,357)	(29,239)	2,987	(8,860)	(239)	(86)	(164,681)
Net profit for the period	588,684	113,218	264,769	(63,039)	19,322	(31,514)	(97,089)	794,351
Other segment information								
Investments in joint ventures and associates	4,788,314	384,173	350,732	40,304	–	26,861	–	5,590,384
Capital expenditures	147,718	21,167	56,008	54,280	9,011	678	–	288,862
Allowances for obsolete inventories, expected credit losses on accounts receivable, impairment of advances paid and other assets	(3,146)	(5,173)	(9,991)	(46,020)	(22,297)	(9,903)	–	(96,530)
Assets of the segment	7,504,518	1,080,046	2,195,386	2,854,018	1,480,009	454,084	(1,486,146)	14,081,915
Liabilities of the segment	748,226	204,540	956,917	1,771,290	3,453,634	117,899	(1,367,247)	5,885,259

24. SUBSEQUENT EVENTS

Proceeds from new and settlement of existing borrowings:

On October 30, 2020 and November 2, 2020, the Company made an early redemption of Eurobonds due 2022 and 2023 with nominal value of 907 million US dollars.

On October 14, 2020, the Company placed bonds for 750 million US dollars (equivalent to 321,698 million tenge as of transaction date) at coupon interest rate of 3.5% per annum and due 2033.

In October 2020, the Company made scheduled coupon payments on bonds placed at LSE for 172 million US dollars (equivalent to 73,506 million tenge as of transaction dates).

In October-November 2020, Atyrau refinery made a full early redemption of loan from Halyk Bank for 49 million US dollars (equivalent to 21,249 million tenge), including accrued interest.

On November 16, 2020, KTG signed-off a loan facility agreement with VTB Bank for 15 million Russian rubles (equivalent to 85,372 million tenge as of transaction date) with a floating interest rate of the Central Bank of the Russian Federation + 2.15% due 2023 in order to refinance the syndicated loan due 2021.

Proceeds and issuance of loans:

On October 27, 2020, PKOP, the JV, partially redeemed the loan to the Company for 13,393 million tenge.

On October 29, 2020, the Company provided additional tranche of 9,425 million tenge to Samruk-Kazyna under interest-free long-term financial aid agreement.

Dividends received from joint venture:

On October 23, 2020, the Group received dividends from MIBV, the joint venture, of 23.6 million US dollars (equivalent to 10,117 million tenge as of transaction date).