Zhaikmunai LLP

INTERIM CONDENSED SEPARATE

FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended 31 March 2019

CONTENTS

Building a better working world

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Report on review of Interim Financial Information

To the participant and management of Zhaikmunai LLP

Introduction

We have reviewed the accompanying interim condensed separate financial statements of Zhaikmunai LLP, which comprise the interim condensed separate statement of financial position as at 31 March 2019 and the related interim condensed separate statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP

Paul Cohn
Audit Partner

Kairat Medetbayev
Auditor

Audit qualification certificate No. МФ-0000137 dated 8 February 2013

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

20 May 2019

Gulmira Turmagambetova
General Director
Ernst & Young LLP

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

SEPARATE STATEMENT OF FINANCIAL POSITION.

As at 31 March 2019

In thousands of US Dollars	Notes	31 March 2019 (unaudited)	31 December 2018 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	**1,931,000**	1,925,833
Exploration and evaluation assets	6	**50,557**	50,241
Right-of-use assets	5	**41,718**	–
Restricted cash	11	**7,141**	7,021
Advances for non-current assets	7	**12,899**	13,152
Non-current investments		**1,700**	1,700
		2,045,015	1,997,947
Current assets			
Inventories	8	**28,724**	29,582
Trade receivables	10	**59,255**	35,732
Prepayments and other current assets	9	**15,786**	18,776
Income tax prepayment		**2,151**	–
Cash and cash equivalents	11	**8,037**	7,034
		113,953	91,124
TOTAL ASSETS		**2,158,968**	**2,089,071**
EQUITY AND LIABILITIES			
Partnership capital and reserves			
Partnership capital		**4,112**	4,112
Other reserves		**32,586**	32,586
Retained earnings		**476,551**	468,579
		513,249	505,277
Non-current liabilities			
Long-term borrowings	12	**1,070,783**	1,071,405
Long-term lease liability	13	**13,103**	–
Long term finance guarantee	12	**3,819**	4,111
Abandonment and site restoration provision		**22,338**	21,894
Due to Government of Kazakhstan		**5,070**	5,280
Deferred tax liability		**407,634**	395,224
		1,522,747	1,497,914
Current liabilities			
Current portion of long-term borrowings	12	**26,813**	4,761
Current portion of long-term lease liability	13	**18,091**	–
Current portion of finance guarantee	12	**1,594**	1,594
Trade payables	14	**45,945**	49,671
Advances received		**405**	394
Income tax payable		**–**	484
Current portion of due to Government of Kazakhstan		**1,031**	1,031
Other current liabilities	15	**29,093**	27,945
		122,972	85,880
TOTAL EQUITY AND LIABILITIES		**2,158,968**	**2,089,071**

General Director of Zhaikmunai LLP — *Zhomart Darkeev*

Chief Accountant of Zhaikmunai LLP — *Olga Shoshinova*

The accounting policies and explanatory notes on pages 5 to 20 are an integral part of these interim condensed separate financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2019

		Three months ended 31 March	
In thousands of US Dollars	**Notes**	**2019 (unaudited)**	2018 (unaudited)
Revenue			
Revenue from export sales		**68,446**	70,022
Revenue from domestic sales		**27,001**	24,743
	16	**95,447**	94,765
Cost of sales	**17**	**(41,600)**	(42,165)
Gross profit		**53,847**	52,600
General and administrative expenses	**18**	**(2,703)**	(3,339)
Selling and transportation expenses	**19**	**(13,762)**	(13,258)
Finance costs	**20**	**(12,232)**	(9,560)
Taxes other than income tax	**21**	**(6,181)**	(6,721)
Foreign exchange gain net		**553**	303
Interest income		**20**	81
Other income		**1,152**	1,437
Other expenses	**22**	**(313)**	(41,865)
Profit/(loss) before income tax		**20,381**	(20,322)
Current income tax expense	**23**	**–**	(42)
Deferred income tax (expense)/benefit	**23**	**(12,409)**	1,779
Income tax (expense)/benefit	**23**	**(12,409)**	1,737
Profit/(loss) for the period		**7,972**	(18,585)
Other comprehensive income/(loss) for the period		**–**	–
Total comprehensive income/(loss) for the period		**7,972**	(18,585)

General Director of Zhaikmunai LLP — *Zhomart Darkeev*

Chief Accountant of Zhaikmunai LLP — *Olga Shoshinova*

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SEPARATE STATEMENT OF CASH FLOWS

For the three months ended 31 March 2019

In thousands of US Dollars	Notes	2019 (unaudited)	2018 (unaudited)
Cash flow from operating activities:			
Profit/(loss) before income tax		**20,381**	(20,322)
Adjustments for:			
Depreciation, depletion and amortisation of property, plant and equipment and right-of-use assets	17, 18, 19	**33,501**	29,604
Finance costs	20	**12,232**	9,560
Interest income		**(20)**	(81)
Foreign exchange loss/(gain) on investing and financing activities		**154**	(134)
Loss on disposal of property, plant and equipment		**–**	28
Finance guarantee gain		**(292)**	(253)
Provision for doubtful debts		**–**	85
Operating profit before working capital changes		**65,956**	**18,487**
Changes in working capital:			
Change in inventories		**858**	(2,643)
Change in trade receivables		**(23,523)**	935
Change in prepayments and other current assets		**2,990**	726
Change in trade payables		**5,632**	44,380
Change in advances received		**11**	(946)
Change in due to Government of Kazakhstan		**(257)**	(257)
Change in other current liabilities		**1,148**	1,687
Cash generated from operations		**52,815**	62,369
Income tax paid		**(2,662)**	(3,957)
Net cash flows from operating activities		**50,153**	58,412
Cash flow from investing activities:			
Interest received		**20**	81
Purchase of property, plant and equipment		**(41,152)**	(49,470)
Exploration and evaluation works		**(358)**	(208)
Net cash used in investing activities		**(41,490)**	(49,597)
Cash flow from financing activities:			
Finance costs paid		**(2,746)**	(13,820)
Payment of lease liabilities	13	**(4,769)**	(60)
Repayment of borrowings		**–**	(2,500)
Transfer to restricted cash	11	**(120)**	(147)
Net cash used in financing activities		**(7,635)**	(16,527)
Effects of exchange rate changes on cash and cash equivalents		**(25)**	62
Net increase/(decrease) in cash and cash equivalents		**1,003**	(7,650)
Cash and cash equivalents at the beginning of the period		**7,034**	33,261
Cash and cash equivalents at the end of the period	11	**8,037**	25,611

General Director of Zhaikmunai LLP — *Zhomart Darkeev*

Chief Accountant of Zhaikmunai LLP — *Olga Shoshinova*

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SEPARATE STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

In thousands of US Dollars	Notes	Capital	Other reserves	Retained earnings	Total
As at 1 January 2018		**4,112**	**32,586**	**575,141**	**611,839**
Loss for the period		–	–	(18,585)	(18,585)
Total comprehensive income for the period		**–**	**–**	**(18,585)**	**(18,585)**
Issue of finance guarantee	**12**	–	–	(2,057)	(2,057)
As at 31 March 2018 (unaudited)		**4,112**	**32,586**	**554,499**	**591,197**
As at 1 January 2019		**4,112**	**32,586**	**468,579**	**505,277**
Profit for the period		–	–	7,972	7,972
Total comprehensive income for the period		**–**	**–**	**7,972**	**7,972**
As at 31 March 2019 (unaudited)		**4,112**	**32,586**	**476,551**	**513,249**

General Director of Zhaikmunai LLP

Zhomart Darkeev

Chief Accountant of Zhaikmunai LLP

Olga Shoshinova

The accounting policies and explanatory notes on pages 5 to 20 are an integral part of these interim condensed separate financial statements.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

For the three months ended 31 March 2019

1. GENERAL

Overview

Zhaikmunai, a Limited Liability Partnership (the "Partnership" or "Zhaikmunai LLP") was established under the laws of the Republic of Kazakhstan in 1997.

On 28 February 2014 the Partnership acquired in a transaction under common control 1,000 ordinary shares of Nostrum Oil & Gas Finance B.V., representing 100% of its charter capital, from Nostrum Oil & Gas B.V. (formerly known as Zhaikmunai Netherlands B.V.), an entity under control of a common parent. In 2014 the Partnership sold 100% interest in its dormant subsidiaries Zhaikmunai Finance B.V., Zhaikmunai International B.V. and Nostrum Oil & Gas Finance B.V. to Nostrum Oil & Gas B.V.

On 28 December 2018, the Partnership acquired 100% interest in Atom&Co LLP for cash consideration of US$ 1.7 million for the main purpose of gaining control over the administrative office in Uralsk. This transaction has been accounted as an asset acquisition.

The Partnership's operations comprise of a single operating segment and 3 (three) additional exploration concessions located in Kazakhstan.

These interim condensed separate financial statements were issued in addition to the interim condensed consolidated financial statements to the Partnership.

The Partnership does not have an ultimate controlling party.

The registered legal address of the Partnership is: 43/1, Aleksandr Karev street, Uralsk, the Republic of Kazakhstan.

These interim condensed separate financial statements were authorised for issue by the Partnership's General Director and Chief Accountant on 20 May 2019.

Subsoil use rights terms

The Partnership carries out its activities in accordance with the Contract for Additional Exploration, Production and Production-Sharing of Crude Hydrocarbons in the Chinarevskoye oil and gas condensate field (the "Contract") dated 31 October 1997 between the State Committee of Investments of the Republic of Kazakhstan and the Partnership in accordance with the license MG No. 253D for the exploration and production of hydrocarbons in Chinarevskoye oil and gas condensate field.

On 17 August 2012 the Partnership signed Asset Purchase Agreements to acquire 100% of the subsoil use rights related to three oil and gas fields – Rostoshinskoye, Darjinskoye and Yuzhno-Gremyachinskoye – all located in the Western Kazakhstan region. On 1 March 2013 the Partnership acquired the subsoil use rights related to these three oil and gas fields in Kazakhstan following the signing of the respective supplementary agreements related thereto by the authority now known as the Ministry of Energy (the "MOE") of the Republic of Kazakhstan.

The term of the Chinarevskoye subsoil use rights originally included a 5-year exploration period and a 25-year production period. Subsequently the exploration period was extended to 26 August 2018.

The contract for exploration and production of hydrocarbons from Rostoshinskoye field dated 8 February 2008 originally included a 3-year exploration period and a 12-year production period. Subsequently, the exploration period was extended until 8 February 2019. The Partnership's application for further extension of the exploration period is under approval by the MOE.

The contract for exploration and production of hydrocarbons from Darjinskoye field dated 28 July 2006 originally included a 6-year exploration period and a 19-year production period. Subsequently, the exploration period was extended until 31 December 2021.

The contract for exploration and production of hydrocarbons from Yuzhno-Gremyachinskoye field dated 28 July 2006 originally included a 5-year exploration period and a 20-year production period. Subsequently, the exploration period was extended until 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Royalty payments

The Partnership is required to make monthly royalty payments throughout the entire production period, at the rates specified in the Contract.

Royalty rates depend on hydrocarbons recovery levels and the phase of production and can vary from 3% to 7% of produced crude oil and from 4% to 9% of produced natural gas. Royalty is accounted on a gross basis.

Government “profit share”

The Partnership makes payments to the Government of its “profit share” as determined in the Contract. The “profit share” depends on hydrocarbon production levels and varies from 10% to 40% of production after deducting royalties and reimbursable expenditures. Reimbursable expenditures include operating expenses, costs of additional exploration and development costs. Government “profit share” is expensed as incurred and paid in cash. Government profit share is accounted on a gross basis.

Seasonality of operations

The Partnership’s operating expenses are subject to seasonal fluctuations, with higher expenses for various maintenance and other oil field services usually performed in the warmer months.

2. BASIS OF PREPARATION

These interim condensed separate financial statements for the three months ended 31 March 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed separate financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Partnership’s annual separate financial statements for the year ended 31 December 2018.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards, interpretations and amendments adopted by the Partnership

The accounting policies adopted are consistent with those of the previous financial year, except for the below amendments to IFRS effective as at 1 January 2019. The Partnership has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the impact of the amendment which is applicable to the Partnership’s interim condensed separate financial statements is described below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Partnership adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Where the lease liability is based on future rentals as determined under the standard.

The Partnership also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

The effect of adoption IFRS 16 for the condensed separate financial statements is as follows:

In thousands of US dollars	**1 January 2019**
Right-of-use assets	46,121
Property, plant and equipment	(11,937)
Total non-current assets	**34,184**
Total assets	**34,184**
Current portion of long-term borrowings	(134)
Current portion of long-term lease liability	18,091
Total current liabilities	**17,957**
Long-term borrowings	(669)
Long-term lease liability	16,896
Total non-current liabilities	16,227
Total equity and liabilities	**34,184**

Set out below, are the amounts recognised in profit and loss:

In thousands of US Dollars	**For the three months ended 31 March 2019**
Depreciation expense of right-of-use assets (included in Selling and transportation expenses)	**1,143**
Depreciation expense of right-of-use assets (included in Cost of sales)	**658**
Depreciation expense of right-of-use assets (included in General and administrative expenses)	**47**
Rent expenses (included in Selling and transportation expenses)	**(1,279)**
Rent expenses (included in Cost of sales)	**(734)**
Rent expenses (included in General and administrative expenses)	**(56)**
Finance costs	**905**
Deferred income tax expense	**(205)**
	479

Nature of the effect of adoption of IFRS 16

The Partnership has contracts including lease components for vehicles, drilling rigs, building and railway cars. Before the adoption of IFRS 16, the Partnership recognised the expenses classified as lease under IAS 17 at the inception date as either a finance lease or an operating lease.

A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Partnership; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of IFRS 16, the Partnership applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Partnership.

Leases previously classified as finance leases

The Partnership did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Leases previously accounted for as operating leases

The Partnership recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Partnership also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- The right-of-use assets were recognised based on the amount equal to the lease liabilities which were recognised based on the present value of the remaining lease payments
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Based on the foregoing, as at 1 January 2019:

- Right-of -use assets of US$ 46,121 thousand were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of US$ 11,936 thousand that were reclassified from Property, plant and equipment.
- Additional lease liabilities of US$ 34,184 thousand (presented separately in the statement of financial position) were recognised.

Summary of new accounting policies

Set out below are the new accounting policies of the Partnership upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Partnership recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Partnership is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Partnership recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Partnership and payments of penalties for terminating a lease, if the lease term reflects the Partnership exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Partnership uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Short-term leases and leases of low-value assets

The Partnership applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below US$ 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining lease

IFRS 16 requires the Partnership to determine whether a contract is a lease or contains a lease at the inception of the contract. While, the assessment of whether a contract is or contains a lease is usually straightforward. However, judgement is required in applying the definition of a lease to certain arrangements. For example, in contracts that include significant services determining whether the contract conveys the right to direct the use of an identified asset requires significant judgment.

The Partnership bases the price of lease components on the lessor price of lessor, or similar supplier, would charge to purchase that component separately. When such information is not available, the Partnership estimates the stand-alone price (but using as much observable information as possible to make this estimate).

More detailed information related to the carrying amounts of the Partnership's right-of-use assets and lease liabilities and the movements during the period are shown in Note 5 and Note 13, relatively.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Upon adoption of the Interpretation, the Partnership considered whether it has any uncertain tax positions, particularly those related to transfer pricing. The Partnership determined, based on its tax compliance studies, that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the interim condensed separate financial statements of the Partnership.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the interim condensed separate financial statements of the Partnership.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Annual Improvements 2015-2017 Cycle (issued in December 2017)

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Partnership does not expect to pay dividends in the coming reporting period, these amendments had no effect on its interim condensed separate financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Partnership's current practice is in line with these amendments, the amendments had no impact on the interim condensed separate financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2019, the Partnership had additions of property, plant and equipment of US$ 48,882 thousand (three months ended 31 March 2018: US$ 54,075 thousand). These additions are mostly associated with drilling costs, construction of a third unit for the gas treatment facility and capitalised interest of US$ 13,840 thousand (three months ended 31 March 2018: US$ 10,645 thousand).

As at 31 March 2019 the Partnership's property, plant and equipment of US$ 240,199 thousand are pledged as security for the loans due to Nostrum Oil & Gas B.V. (formerly known as Zhaikmunai Netherlands B.V.) (31 December 2018: US$ 246,414 thousand) (Note 12).

See Note 25 for capital commitments.

5. RIGHT-OF-USE ASSETS

In thousands of US Dollars	**Buildings**	**Machinery & equipment**	**Vehicles**	**Total**
Balance at 1 January 2019, net of accumulated depreciation	**11,937**	**26,825**	**7,359**	**46,121**
Additions	–	–	38	38
Depreciation	(174)	(3,396)	(871)	(4,441)
Balance at 31 March 2019, net of accumulated depreciation (unaudited)	**11,763**	**23,429**	**6,526**	**41,718**
As at 31 March 2019				
Cost	13,791	26,825	7,397	48,013
Accumulated depreciation	(2,028)	(3,396)	(871)	(6,295)
Balance, net of accumulated depreciation (unaudited)	**11,763**	**23,429**	**6,526**	**41,718**

The right-of-use assets are recognized for leases of vehicles, drilling rigs, building and railway cars previously classified as operating leases, service expenses or finance lease under IAS 17. The right-of-use assets were recognised based on the amount equal to the lease liabilities.

See Note 13 for lease liabilities.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

6. EXPLORATION AND EVALUATION ASSETS

During the three months ended 31 March 2019 the Partnership had additions to exploration and evaluation assets of US$ 316 thousand which mainly includes capitalised social program and liquidation expenditures (three months ended 31 March 2018: US$ 208 thousand). Interest was not capitalised on exploration and evaluation assets.

7. ADVANCES FOR NON-CURRENT ASSETS

In thousands of US Dollars	**31 March 2019 (unaudited)**	31 December 2018 (audited)
Advances for construction services	**12,671**	12,632
Advances for pipes and construction materials	**228**	520
	12,899	13,152

Advances for non-current assets mainly comprised prepayments made to suppliers of services and equipment for construction of a third unit for the Partnership's gas treatment facility.

8. INVENTORIES

As at 31 March 2019 and 2018 inventories comprised the following:

In thousands of US Dollars	**31 March 2019 (unaudited)**	31 December 2018 (audited)
Spare parts and other inventories	**23,407**	23,477
Gas condensate	**2,953**	4,198
Crude oil	**2,236**	1,761
LPG	**107**	126
Dry Gas	**21**	20
	28,724	29,582

As at 31 March 2019 and 31 December 2018 inventories are carried at cost.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

As at 31 March 2019 and 31 December 2018 prepayments and other current assets comprised the following:

In thousands of US Dollars	**31 March 2019 (unaudited)**	31 December 2018 (audited)
VAT receivable	**8,540**	10,336
Other taxes receivable	**3,581**	2,947
Advances paid	**3,087**	4,771
Other	**578**	722
	15,786	18,776

Advances paid consist primarily of prepayments made to service providers

10. TRADE RECEIVABLES

As at 31 March 2019 and 31 December 2018 trade receivables were not interest bearing and were mainly denominated in US dollars, their average collection period is 30 days.

As at 31 March 2019 and 31 December 2018 there were neither past due nor impaired trade receivables.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

11. CASH AND CASH EQUIVALENTS

In thousands of US Dollars	**31 March 2019 (unaudited)**	31 December 2018 (audited)
Current accounts in US Dollars	**7,151**	6,194
Current accounts in Tenge	**702**	832
Current accounts in other currencies	**177**	–
Petty cash	**7**	8
	8,037	7,034

In addition to the cash and cash equivalents in the table above, the Partnership has restricted cash accounts as liquidation fund deposit in the amount of US$ 665 thousand with Sberbank in Kazakhstan and US$ 6,476 thousand with Halyk bank (31 December 2018: US$ 7,021 thousand), which is kept as required by the subsoil use rights for abandonment and site restoration liabilities of the Partnership.

12. BORROWINGS

Borrowings comprise the following as at 31 March 2019 and 2018:

In thousands of US Dollars	**31 March 2019 (unaudited)**	31 December 2018 (audited)
Notes issued in 2012 and maturing in 2033	**572,941**	559,617
Notes issued in 2014 and maturing in 2033	**408,805**	399,282
Nostrum Oil & Gas B.V.	**115,850**	116,464
Finance lease liability	**–**	803
	1,097,596	1,076,166
Less amounts due within 12 months	**(26,813)**	(4,761)
Amounts due after 12 months	**1,070,783**	1,071,405

2012 and 2014 Notes

On 13 November 2012, Zhaikmunai International B.V. issued US$ 560,000 thousand notes (the "2012 Notes"). On 24 April 2013 Zhaikmunai LLP replaced Zhaikmunai International B.V. as issuer of the 2012 Notes and assumed all of the obligations of the issuer under the 2012 Notes.

On 14 February 2014, Nostrum Oil & Gas Finance B.V. issued US$ 400,000 thousand notes (the "2014 Notes"). On 6 May 2014, Zhaikmunai replaced Nostrum Oil & Gas Finance B.V. as issuer of the 2014 Notes and assumed all of the obligations of the issuer under the 2014 Notes.

On 17 February 2018, the outstanding 2012 Notes and the 2014 Notes held by persons other than Nostrum Oil & Gas PLC and its subsidiaries were purchased from the bondholders by Nostrum Oil & Gas Finance B.V.

On 2 May 2018, certain amendments to the terms and conditions of the 2012 and 2014 Notes became effective, whereby the interest rate on the 2012 and 2014 Notes was changed to 9.5%, being effective from 19 February 2018. The maturity dates of the 2012 and 2014 were moved to 25 June 2033 and 14 January 2033, respectively.

Interest on the 2012 and 2014 Notes is payable on 14 June and 14 December of each year.

Guarantee of 2017 Notes

On 25 July 2017, Nostrum Oil & Gas Finance B.V., an indirect wholly-owned subsidiary of Nostrum Oil & Gas PLC, issued US$ 725,000 thousand notes (the "2017 Notes").

The 2017 Notes are jointly and severally guaranteed on a senior basis by Nostrum Oil & Gas PLC, Nostrum Oil & Gas Coöperatief U.A., Zhaikmunai LLP and Nostrum Oil & Gas B.V.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

As at 25 July 2017, the Partnership recognised the granted guarantee liability at the fair value of US$ 5,177 thousand, which is present value of the guarantee premium estimated based on the assessment of credit risk of the 2017 Issuer. The present value of the estimated guarantee premium is discounted by the 2017 Notes' interest rate. During the three months ended 31 March 2019, the Partnership recognised guarantee gain in the amount of US$ 232 thousand and the outstanding balance as at 31 March 2019 of the guarantee, both current and non-current totaled US$ 3,629 thousand.

Guarantee of 2018 Notes

On 16 February 2018, Nostrum Oil & Gas Finance B.V. issued US$ 400,000 thousand notes (the "2018 Notes").

The 2018 Notes are jointly and severally guaranteed on a senior basis by Zhaikmunai LLP, Nostrum Oil & Gas PLC, Nostrum Oil & Gas Coöperatief U.A. and Nostrum Oil & Gas B.V.

As at 16 February 2018, the Partnership recognised the granted guarantee liability at the fair value of US$ 2,057 thousand, which is present value of the guarantee premium estimated based on the assessment of credit risk of the 2018 Issuer. The present value of the estimated guarantee premium is discounted by the 2018 Notes' interest rate. During the three months ended 31 March 2019, the Partnership recognized guarantee gain in the amount of US$ 60 thousand and the outstanding balance as at 31 March 2019 of the guarantee, both current and non-current totaled US$ 1,784 thousand.

Loans due to Nostrum Oil & Gas B.V.

On 1 July 2008 the Partnership signed a loan agreement with Frans van der Schoot B.V. under which the latter provided the Partnership with a US$ 90,276 thousand loan at an annual interest rate of two times LIBOR.

On 15 September 2009 Frans van der Schoot B.V. provided an additional loan of US$ 261,650 thousand at then prevailing interest rate of 2.6% per year.

Subsequently, the interest rate was changed to 6.625% and the maturity date was moved to 31 December 2022.

The outstanding balance of the loan as at 31 March 2019 has an interest rate of 6.625% (31 December 2018: 6.625%).

For the period running from 22 December 2010 to 31 March 2019, the amount of the earlier repayments net of the received additional loans totaled US$ 340,776 thousand.

13. LEASE LIABILITIES

In thousands of US Dollars	**2019 (unaudited)**
Lease liability as at 1 January	**34,987**
Additions	**38**
Finance charges	**938**
Paid during the period	**(4,769)**
	31,194
Less: current portion of Long-term lease liability	**(18,091)**
Long-term lease liability as at 31 March	**13,103**

The lease liabilities are recognized for leases of vehicles, drilling rigs, building and railway cars previously classified as operating leases, service expenses or finance lease under IAS 17. The finance lease was recognized based on the future rentals as determined under IFRS 16.

See Note 5 for right-of-use assets.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

14. TRADE PAYABLES

Trade payables comprise the following as at 31 March 2019 and 31 December 2018:

In thousands of US Dollars	**31 March 2019 (unaudited)**	31 December 2018 (audited)
US Dollar denominated trade payables	**23,756**	23,088
Tenge denominated trade payables	**17,215**	20,664
Euro denominated trade payables	**4,800**	4,948
Russian Rouble denominated trade payables	**174**	971
	45,945	49,671

15. OTHER CURRENT LIABILITIES

Other current liabilities comprise the following as at 31 March 2019 and 31 December 2018:

In thousands of US Dollars	**31 March 2019 (unaudited)**	31 December 2018 (audited)
Training obligations accrual	**11,529**	11,609
Other accruals	**5,744**	5,682
Taxes payable, other than corporate income tax	**5,337**	4,926
Accruals under the subsoil use agreements	**2,196**	2,174
Due to employees	**2,356**	1,690
Other current liabilities	**1,931**	1,864
	29,093	27,945

Accruals under subsoil use agreements mainly include amounts estimated in respect of the contractual obligations for exploration and production of hydrocarbons from Rostoshinskoye, Darjinskoye and Yuzhno-Gremyachinskoye fields.

16. REVENUE

	Three months ended 31 March	
In thousands of US Dollars	**2019 (unaudited)**	2018 (unaudited)
Revenue from oil and gas condensate sales	**62,595**	65,818
Revenue from gas and LPG sales	**32,852**	28,947
	95,447	94,765

The pricing for all of the Partnership's crude oil, condensate and LPG is directly or indirectly, related to the price of Brent crude oil. The average Brent crude oil price during the three months ended 31 March 2019 was US$ 63.83 (three months ended 31 March 2018: US$ 67.23).

During the three months ended 31 March 2019 the revenue from sales to three major customers amounted to US$ 61,598 thousand, US$ 24,743 thousand and US$ 2,508 thousand, respectively (three months ended 31 March 2018: US$ 61,524 thousand, US$ 18,983 thousand and US$ 3,139 thousand, respectively).

The Partnership's exports are mainly represented by deliveries to Belarus and the Black Sea ports of Russia.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

17. COST OF SALES

	Three months ended 31 March	
In thousands of US Dollars	**2019 (unaudited)**	2018 (unaudited)
Depreciation, depletion and amortisation	**31,945**	29,176
Repair, maintenance and other services	**2,913**	4,180
Payroll and related taxes	**2,655**	3,157
Management fees	**1,636**	2,557
Materials and supplies	**945**	1,092
Transportation services	**637**	1,812
Well workover costs	**261**	288
Environmental levies	**37**	73
Change in stock	**751**	(152)
Other	**(180)**	(18)
	41,600	42,165

18. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
In thousands of US Dollars	**2019 (unaudited)**	2018 (unaudited)
Payroll and related taxes	**773**	1,145
Management fees	**543**	939
Professional services	**431**	123
Depreciation and amortisation	**413**	428
Insurance fees	**260**	336
Communication	**77**	104
Business travel	**34**	26
Materials and supplies	**28**	40
Bank charges	**22**	12
Other	**122**	186
	2,703	3,339

19. SELLING AND TRANSPORTATION EXPENSES

	Three months ended 31 March	
In thousands of US Dollars	**2019 (unaudited)**	2018 (unaudited)
Transportation costs	**3,783**	3,979
Loading and storage costs	**3,517**	5,017
Marketing services	**3,171**	3,102
Depreciation of right-of-use assets	**1,143**	–
Payroll and related taxes	**406**	550
Other	**1,742**	610
	13,762	13,258

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

20. FINANCE COSTS

	Three months ended 31 March	
In thousands of US Dollars	**2019 (unaudited)**	2018 (unaudited)
Interest expense on borrowings	**11,139**	9,388
Finance charges under lease liability	**938**	34
Unwinding of discount on abandonment and site restoration provision	**108**	67
Unwinding of discount on amounts due to Government of Kazakhstan	**47**	71
	12,232	9,560

21. TAXES OTHER THAN INCOME TAX

	Three months ended 31 March	
In thousands of US Dollars	**2019 (unaudited)**	2018 (unaudited)
Royalties	**3,691**	3,623
Export customs duty	**1,666**	2,279
Government profit share	**820**	799
Other taxes	**4**	20
	6,181	6,721

22. OTHER EXPENSES

	Three months ended 31 March	
In thousands of US Dollars	**2019 (unaudited)**	2018 (unaudited)
Social program	**79**	79
Currency converting	**78**	107
Training	**69**	817
Sponsorship	**57**	66
Other accruals	**22**	–
Liquidity management fees	**–**	40,618
Other expense	**8**	178
	313	41,865

Liquidity management fees include the transaction costs incurred by Nostrum Oil & Gas Finance B.V. in relation to the issue of the 2018 Notes and the 2017 Notes and rebilled to the Partnership.

23. INCOME TAX

The income tax expense consisted of the following:

	Three months ended 31 March	
In thousands of US Dollars	**2019 (unaudited)**	2018 (unaudited)
Deferred income tax expense/(benefit)	**12,409**	(1,779)
Adjustment in respect of the current income tax for the prior periods	**–**	42
Total income tax expense/(benefit)	**12,409**	(1,737)

Corporate income tax is recognised based on the estimated annual effective income tax rate applied to the profit or loss before income tax for the three months ended 31 March 2019. Differences between the recognition criteria in IFRS and under the statutory taxation regulations in Kazakhstan give rise to a temporary difference between the carrying value of certain assets and liabilities for financial reporting purposes and for income tax purposes. The tax effect of the change in temporary differences is recorded at the tax rate of 30% applicable to the Chinarevskoye subsoil use license.

NOTES TO THE INTERIM CONDENSED SEPARTE FINANCIAL STATEMENTS (CONTINUED)

The Partnership's tax bases of non-monetary assets and liabilities are determined in Tenge. Therefore, any change in the US dollar/Tenge exchange rates results in a change in the temporary difference between the tax bases of non-current assets and their carrying amounts in the financial statements.

24. RELATED PARTY TRANSACTIONS

For the purpose of these interim condensed separate financial statements transactions with related parties mainly comprise transactions between the Partnership and the participants and/or their subsidiaries or associated companies.

Accounts receivable from and advances paid to related parties and advances for non-current assets to related parties as at 31 March 2019 and 31 December 2018 consisted of the following:

In thousands of US Dollars	**31 March 2019 (unaudited)**	31 December 2018 (audited)
Trade receivables and advances paid		
With significant influence over Partnership:		
JSC OGCC KazStroyService	**11,330**	11,408
Advances for non-current assets		
Subsidiary Company:		
Atom&Co LLP	**496**	496

Accounts payable to related parties as at 31 March 2019 and 31 December 2018 consisted of the following:

In thousands of US Dollars	**31 March 2019 (unaudited)**	**31 December** 2018 (audited)
Borrowings		
Under common control:		
Nostrum Oil & Gas B.V.	**115,850**	115,850
Lease liabilities		
Subsidiary Company:		
Atom&Co LLP	**836**	803
Trade payables		
With significant influence over the Partnership:		
JSC OGCC KazStroyService	**11,461**	11,420
Under common control:		
Nostrum Services N.V.	**1,209**	1,505

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

During the three months, ended 31 March 2019 and 31 March 2018 the Partnership had the following transactions with related parties:

In thousands of US Dollars	Three months ended 31 March 2019 (unaudited)	2018 (unaudited)
Repayment of borrowings		
Under common control:		
Nostrum Oil & Gas B.V.	–	2,500
Interest paid		
Under common control:		
Nostrum Oil & Gas B.V.	**2,533**	1,168
Purchases		
With significant influence over the Partnership:		
JSC OGCC KazStroyService	**4,988**	3,871
Liquidity management fees		
Under common control:		
Nostrum Oil & Gas Finance B. V.	–	40,618
Management fees and consulting services		
Under common control:		
Nostrum Services Central Asia LLP	–	314
Nostrum Services N.V.	**3,337**	4,002

On 28 July 2014 the Partnership entered into a contract with JSC "OGCC KazStroyService" (the "Contractor") for the construction of the third unit of the Partnership's gas treatment facility (as amended by ten supplemental agreements since 28 July 2014, the "Construction Contract").

The Contractor is an affiliate of Mayfair Investments B.V., which as at 31 March 2019 owned approximately 25.7% of the ordinary shares of Nostrum Oil & Gas PLC.

Management fees are payable in accordance with the Technical Assistance Agreements signed between the Partnership and Nostrum Services Central Asia LLP and Nostrum Services N.V. related to the rendering of geological, geophysical, drilling, technical and other consultancy services. Remuneration (represented by short-term employee benefits) of key management personnel amounted to US$ 392 thousand for the three months ended 31 March 2019 (three months ended 31 March 2018: US$ 180 thousand). Other key management personnel were employed and paid by Nostrum Services N.V. and their remuneration forms part of management fees and consulting services above.

25. CONTINGENT LIABILITIES AND COMMITMENTS

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the interim condensed separate financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 50 - 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 March 2019. As at 31 March 2019 management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Partnership's tax position will be sustained.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Abandonment and site restoration (decommissioning)

As Kazakh laws and regulations concerning site restoration and clean-up evolve, the Partnership may incur future costs, the amount of which is currently indeterminable. Such costs, when known, will be provided for as new information, legislation and estimates evolve.

Environmental obligations

The Partnership may also be subject to loss contingencies relating to regional environmental claims that may arise from the past operations of the related fields in which it operates. Kazakhstan's environmental legislation and regulations are subject to ongoing changes and varying interpretations. As Kazakh laws and regulations evolve concerning environmental assessments and site restoration, the Partnership may incur future costs, the amount of which is currently indeterminable due to such factors as the ultimate determination of responsible parties associated with these costs and the Government's assessment of respective parties' ability to pay for the costs related to environmental reclamation.

However, depending on any unfavourable court decisions with respect to any claims or penalties assessed by the Kazakh regulatory agencies, it is possible that the Partnership's future results of operations or cash flow could be materially affected in a particular period.

Capital commitments

As at 31 March 2019 the Partnership had contractual capital commitments in the amount of US$ 112,781 thousand (31 December 2018: US$ 131,373 thousand) mainly in respect to the Partnership's oil field exploration and development activities.

Social and education commitments

As required by the Contract (after its amendment on 1 November 2017), the Partnership is obliged to:

(i) spend US$ 300 thousand per annum to finance social infrastructure;

(ii) make an accrual of one percent per annum of the actual investments for the Chinarevskoye field for the purposes of educating Kazakh citizens; and

(iii) adhere to a spending schedule on education which lasts until (and including) 2020.

The contracts for exploration and production of hydrocarbons from Rostoshinskoye, Darjinskoye and Yuzhno Gremyachinskoye fields require fulfilment of several social and other obligations.

The outstanding obligations under the contract for exploration and production of hydrocarbons from Rostoshinskoye field (after its amendment on 12 April 2018) require the subsurface user to:

(i) spend US$ 1,000 thousand for funding of development of Astana city;

(ii) invest at least US$ 12,149 thousand for exploration of the field during the exploration period;

(iii) reimburse historical costs of US$ 383 thousand to the Government upon commencement of production stage;

(iv) fund liquidation expenses equal to US$ 133 thousand.

(v) spend US$ 1,250 thousand to finance social infrastructure.

The outstanding obligations under the contract for exploration and production of hydrocarbons from Darjinskoye field (after its amendment on 31 October 2018) require the subsurface user to:

(i) invest at least US$ 19,688 thousand for exploration of the field during the exploration period;

(ii) spend US$ 201 thousand for education of personnel engaged to work under the contract during the exploration stage;

(iii) spend US$ 139 thousand to finance social infrastructure;

(iv) fund liquidation expenses equal to US$ 178 thousand.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (CONTINUED)

The outstanding obligations under the contract for exploration and production of hydrocarbons from Yuzhno-Gremyachinskoye field (after its amendment on 10 October 2018) require the subsurface user to:

(i) invest at least US$ 20,254 thousand for exploration of the field during the exploration period;

(ii) spend US$ 176 thousand for education of personnel engaged to work under the contract during the exploration stage;

(iii) spend US$ 139 thousand to finance social infrastructure;

(iv) fund liquidation expenses equal to US$ 202 thousand.

Domestic oil sales

In accordance with Supplement No. 7 to the Contract, the Partnership is required to deliver at least 15% of produced oil to the domestic market on a monthly basis for which prices are materially lower than export prices.

26. FAIR VALUES OF FINANCIAL INSTRUMENTS

Set out below, is a comparison by class of the carrying amounts and fair value of the Partnership's financial instruments, other than those with carrying amounts reasonably approximating their fair values:

	Carrying amount		Fair value	
In thousands of US Dollars	**31 March 2019**	**31 December 2018**	**31 March 2019**	**31 December 2018**
Financial liabilities measured at amortised cost				
Interest bearing borrowings	**(1,097,596)**	(1,075,363)	**(746,525)**	(620,440)
Finance lease	**–**	(803)		(585)
Lease liability	**(31,194)**	–	**(31,439)**	–
Total	**(1,128,790)**	(1,076,166)	**(777,964)**	(621,025)

The management assessed that cash and cash equivalents, current investments, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities represents the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of the quoted notes is based on price quotations at the reporting date and respectively categorised as Level 1 within the fair value hierarchy.

During the three months ended 31 March 2019 there were no transfers between the levels of fair value hierarchy of the Partnership's financial instruments.