

JSC “National Company “KazMunayGas”

Interim condensed consolidated
financial statements (unaudited)

For the three and nine months ended September 30, 2021

CONTENTS

Report on review of interim condensed consolidated financial statements

Interim condensed consolidated financial statements (unaudited)

Interim consolidated statement of comprehensive income	1-2
Interim consolidated statement of financial position	3-4
Interim consolidated statement of cash flows	5-6
Interim consolidated statement of changes in equity	7-8
Notes to the interim condensed consolidated financial statements (unaudited).....	9-35

Report on Review of Interim Financial Information

To the Shareholders, Board of Directors and Management of Joint Stock Company "National Company "KazMunayGas"

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC "National Company "KazMunayGas" and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 September 2021, the related interim consolidated statement of comprehensive income for the three-month and nine-month periods then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-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.

Conclusion

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

Ernst & Young LLP



Kairat Medetbayev
Auditor

Auditor's qualification certificate
No. MF-0000137 dated 8 February 2013

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

19 November 2021



Rustamzhan Sattarov
General Director
Ernst and Young LLP

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of tenge	Note	For the three months ended, September 30		For the nine months ended, September 30	
		2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Revenue and other income					
Revenue	4	1,670,365	1,080,035	4,792,484	3,334,130
Share in profit of joint ventures and associates, net	5	279,338	99,022	760,562	323,302
Finance income	12	40,291	23,045	86,378	86,576
Gain on sale of joint ventures		17,161	–	19,835	–
Other operating income	23	794	3,757	31,940	15,521
Total revenue and other income		2,007,949	1,205,859	5,691,199	3,759,529
Costs and expenses					
Cost of purchased oil, gas, petroleum products and other materials	6	(999,105)	(497,446)	(2,688,083)	(1,623,336)
Production expenses	7	(193,142)	(181,102)	(543,919)	(544,634)
Taxes other than income tax	8	(114,269)	(64,816)	(311,542)	(204,296)
Depreciation, depletion and amortization		(97,380)	(85,599)	(294,774)	(265,818)
Transportation and selling expenses	9	(82,343)	(103,609)	(316,541)	(326,094)
General and administrative expenses	10	(34,682)	(32,764)	(103,426)	(107,582)
Impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale	11	(3,517)	(2,046)	(7,291)	(227,448)
Exploration expenses	11	(59,283)	(19,692)	(79,083)	(19,692)
Impairment of investment in joint venture and associate		–	–	–	(38,000)
Finance costs	12	(67,493)	(67,067)	(204,682)	(202,261)
Loss on disposal of subsidiaries		(1,472)	–	(2,823)	–
Net foreign exchange (loss)/gain		(2,244)	1,636	(2,902)	19,755
Other expenses		(1,038)	(6,871)	(10,522)	(21,606)
Total costs and expenses		(1,655,968)	(1,059,376)	(4,565,588)	(3,561,012)
Profit before income tax		351,981	146,483	1,125,611	198,517
Income tax expenses	13	(53,939)	(30,734)	(183,136)	(62,064)
Net profit for the period		298,042	115,749	942,475	136,453
Net profit/(loss) for the period attributable to:					
Equity holders of the Parent Company		303,469	119,329	947,328	222,983
Non-controlling interest		(5,427)	(3,580)	(4,853)	(86,530)
		298,042	115,749	942,475	136,453

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		For the three months ended, September 30		For the nine months ended, September 30	
		2021	2020	2021	2020
<i>In millions of tenge</i>	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive (loss)/income					
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</i>					
Hedging effect		(370)	(2,099)	(953)	333
Exchange differences on translation of foreign operations		(25,253)	304,621	55,524	524,939
Tax effect		2,345	(26,909)	(4,876)	(46,790)
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax		(23,278)	275,613	49,695	478,482
<i>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial (loss)/gain on defined benefit plans of the joint ventures, net of tax		(20)	131	117	(1,001)
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods, net of tax		(20)	131	117	(1,001)
Net other comprehensive (loss)/income for the period, net of tax		(23,298)	275,744	49,812	477,481
Total comprehensive income for the period, net of tax		274,744	391,493	992,287	613,934
Total comprehensive income/(loss) for the period attributable to:					
Equity holders of the Parent Company		280,158	394,930	996,955	700,203
Non-controlling interest		(5,414)	(3,437)	(4,668)	(86,269)
		274,744	391,493	992,287	613,934
Earnings per share* – tenge thousands					
Basic and diluted		0.49	0.19	1.54	0.22

* The number of ordinary shares as of September 30, 2021 and 2020 equaled to 610,119,493.

Deputy Chairman of the Management Board for Economy and Finance



D.S. Karabayev

Chief accountant

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In millions of tenge</i>	Note	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Assets			
Non-current assets			
Property, plant and equipment	14	4,310,049	4,369,745
Right-of-use assets		54,060	53,661
Exploration and evaluation assets		86,216	158,385
Investment property		19,711	22,826
Intangible assets		165,489	168,481
Long-term bank deposits	15	54,628	56,528
Investments in joint ventures and associates	16	7,111,071	6,471,021
Deferred income tax assets		46,410	58,590
VAT receivable		84,842	94,481
Advances for non-current assets		68,257	23,343
Loans and receivables due from related parties		731,047	684,610
Other non-current financial assets		26,403	11,651
Other non-current non-financial assets		8,581	3,542
		12,766,764	12,176,864
Current assets			
Inventories		302,848	228,065
VAT receivable		59,639	106,695
Income tax prepaid		27,535	70,301
Trade accounts receivable	17	474,537	422,821
Short-term bank deposits	15	543,330	282,472
Loans and receivables due from related parties		27,990	27,795
Other current financial assets	17	103,795	57,071
Other current non-financial assets	17	95,485	88,821
Cash and cash equivalents	18	1,186,057	1,145,864
		2,821,216	2,429,905
Assets classified as held for sale	14	43,258	46,518
		2,864,474	2,476,423
Total assets		15,631,238	14,653,287

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In millions of tenge</i>	Note	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Equity and liabilities			
Equity			
Share capital		916,541	916,541
Additional paid-in capital		8,981	8,981
Other equity		(895)	58
Currency translation reserve		2,186,499	2,146,035
Retained earnings		6,530,919	5,636,705
Attributable to equity holders of the Parent Company		9,652,045	8,708,320
Non-controlling interest		(77,530)	(71,641)
Total equity		9,574,515	8,636,679
Non-current liabilities			
Borrowings	19	3,609,225	3,716,892
Provisions		304,603	303,154
Deferred income tax liabilities		599,025	555,894
Lease liabilities		39,730	45,499
Other non-current financial liabilities	20	25,067	32,963
Other non-current non-financial liabilities	20	53,328	28,831
		4,630,978	4,683,233
Current liabilities			
Borrowings	19	414,984	361,556
Provisions		55,029	63,235
Income tax payable		34,571	8,967
Trade accounts payable	20	535,762	536,922
Other taxes payable		136,355	130,263
Lease liabilities		20,912	16,971
Other current financial liabilities	20	80,595	86,440
Other current non-financial liabilities	20	147,537	129,021
		1,425,745	1,333,375
Total liabilities		6,056,723	6,016,608
Total equity and liabilities		15,631,238	14,653,287
Book value per ordinary share* – tenge thousands		15.422	13.880

* The number of ordinary shares as of September 30, 2021 and December 31, 2020 equaled to 610,119,493.

Deputy Chairman of the Management Board for Economic and Finance



D.S. Karabayev

Chief accountant

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of tenge</i>	Note	For the nine months ended September 30,	
		2021 (unaudited)	2020 (unaudited)
Cash flows from operating activities			
Profit before income tax		1,125,611	198,517
Adjustments:			
Depreciation, depletion and amortization		294,774	265,818
Impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale	11	7,291	227,448
Exploration expenses	11	79,083	19,692
Impairment of investments in joint venture and associate		–	38,000
Realized loss/(gain) from derivatives on petroleum products		10,382	(24,140)
Finance income	12	(86,378)	(86,576)
Finance costs	12	204,682	202,261
Loss on disposal of subsidiaries		2,823	–
Gain on sale of joint venture		(19,835)	–
Share in profit of joint ventures and associates, net	5	(760,562)	(323,302)
Movements in provisions		(16,332)	6,658
Net foreign exchange loss/(gain)		5,432	(49)
Allowance for / (reversal of) obsolete inventories		1,760	(2,173)
(Gain)/loss on disposal of property, plant and equipment, intangible assets, investment property and assets held for sale, net		(3,420)	5,839
Other adjustments		7,867	12,950
Operating profit before working capital changes		853,178	540,943
Change in VAT receivable		56,955	11,414
Change in inventory		(87,400)	66,382
Change in trade accounts receivable and other assets		(42,123)	156,616
Change in trade and other payables and contract liabilities		(36,870)	(318,773)
Change in other taxes payable		(8,137)	26,754
Cash generated from operations		735,603	483,336

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In millions of tenge</i>	Note	For the nine months ended September 30,	
		2021	2020
		(unaudited)	(unaudited)
Dividends received from joint ventures and associates	16	156,793	49,970
Income taxes paid		(51,257)	(61,131)
Interest received		29,361	79,519
Interest paid		(163,238)	(150,295)
Net cash flow from operating activities		707,262	401,399
Cash flows from investing activities			
Placement of bank deposits		(655,550)	(436,714)
Withdrawal of bank deposits		402,609	517,403
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		(269,402)	(292,966)
Proceeds from sale of property, plant and equipment, exploration and evaluation assets and assets held for sale		69,776	7,461
Additional contributions to joint ventures without changes in ownership		(1,926)	(6,444)
Proceeds from disposal of subsidiaries, net of cash disposed		378	8,699
Proceeds from disposal of joint ventures		5,115	-
Loans given to related parties		(30,962)	(34,590)
Reservation of cash for payment of borrowings	19	(32,799)	-
Repayment of loans due from related parties		12,282	12,314
Proceeds from Note receivable from a shareholder of a joint venture		-	11,684
Acquisition of debt securities		(2,703)	(927)
Proceeds from sale of debt securities		2,508	592
Other		138	1,404
Net cash flows used in investing activities		(500,536)	(212,084)
Cash flows from financing activities			
Proceeds from borrowings	19	154,264	185,874
Repayment of borrowings	19	(236,431)	(233,675)
Dividends paid to Samruk-Kazyna and National Bank of RK		(49,999)	(81,738)
Dividends paid to non-controlling interests		(5,779)	(4,553)
Distribution to Samruk-Kazyna		(295)	(5,236)
Share buyback by subsidiary		-	(211)
Payment under financial guarantee		-	(1,383)
Payment of principal lease liabilities		(34,969)	(11,341)
Net cash flows used in financing activities		(173,209)	(152,263)
Effects of exchange rate changes on cash and cash equivalents		6,709	101,158
Change in allowance for expected credit losses		(33)	355
Net change in cash and cash equivalents		40,193	138,565
Cash and cash equivalents, at the beginning of the period		1,145,864	1,064,452
Cash and cash equivalents, at the end of the period		1,186,057	1,203,017

Deputy Chairman of the Management Board for Economy and Finance



D.S. Karabayev

Chief accountant

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In millions of tenge</i>	Attributable to equity holder of the Parent Company					
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings	Non-controlling interest
Total						
As at December 31, 2019 (audited)	916,541	40,794	83	1,731,747	5,469,236	38,255
					8,158,401	8,196,656
Net profit for the period	-	-	-	-	222,983	(86,530)
Other comprehensive income for the period	-	-	333	478,031	(1,144)	261
					477,220	477,481
Total comprehensive income for the period (unaudited)	-	-	333	478,031	221,839	(86,269)
					700,203	613,934
Pipelines contributed by the Government	-	4,733	-	-	-	-
Transfer of difference between par and fair value of the loan received from Samruk-Kazyna by the Company due to settlement	-	(10,971)	-	-	10,971	-
Transfer of pipelines contributed by the Government due to termination of the trust management agreement	-	(9,629)	-	-	626	-
Dividends	-	-	-	-	(81,738)	(4,853)
Distributions to Samruk-Kazyna	-	-	-	-	(5,880)	-
Transactions with Samruk-Kazyna	-	-	-	-	(7,579)	-
Share buyback by subsidiary	-	-	-	-	(209)	(2)
As at September 30, 2020 (unaudited)	916,541	24,927	416	2,209,778	5,607,266	(52,869)
					8,758,928	8,706,059

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

In millions of tenge	Attributable to equity holder of the Parent Company					Non-controlling interest	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings		
As at December 31, 2020 (audited)	916,541	8,981	58	2,146,035	5,636,705	(71,641)	8,636,679
Net profit for the period	-	-	-	-	947,328	(4,853)	942,475
Other comprehensive income for the period	-	-	(953)	50,464	116	185	49,812
Total comprehensive income for the period (unaudited)	-	-	(953)	50,464	947,444	(4,668)	992,287
Dividends	-	-	-	-	(49,999)	(6,188)	(56,187)
Distributions to Samruk-Kazyna	-	-	-	-	293	-	293
Transactions with Samruk-Kazyna	-	-	-	-	(3,524)	-	(3,524)
Equity contribution to subsidiary	-	-	-	-	-	4,967	4,967
As at September 30, 2021 (unaudited)	916,541	8,981	(895)	2,196,499	6,530,919	(77,530)	9,574,515

Deputy Chairman of the Management Board for Economic and Financial Affairs



D.S. Karabayev

Chief accountant

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.

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

1. GENERAL

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine months ended September 30, 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* (IAS 34). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2020.

Foreign currency translation*Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities included in these interim condensed consolidated financial statements are measured using the currency of the primary economic environment in which the entities operate (“the functional currency”). The interim condensed consolidated financial statements are presented in Kazakhstan tenge (“tenge” or “KZT”), which is the Company’s functional and presentation currency.

Transactions and balances

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Translation of foreign operations

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

Exchange rates

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange (“KASE”) are used as official currency exchange rates in the Republic of Kazakhstan.

The currency exchange rate of KASE as at September 30, 2021 and December 31, 2020 were 425.70 and 420.91 tenge to 1 United States dollar (“US dollar”), respectively. These rates were used to translate monetary assets and liabilities denominated in US dollar as at September 30, 2021 and December 31, 2020. The weighted average rate for nine months ended September 30, 2021 was 424.70 tenge to 1 US dollar (for the nine months ended September 30, 2020: 409.23 tenge to 1 US dollar). The currency exchange rate of KASE as at November 19, 2021 was 430.43 tenge to 1 US dollar.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**New and amended standards and interpretations**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards and interpretations effective as of January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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

The Group intends to use the practical expedients in future periods if they become applicable.

4. REVENUE

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

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

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

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

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

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

7. PRODUCTION EXPENSES

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

8. TAXES OTHER THAN INCOME TAX

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

9. TRANSPORTATION AND SELLING EXPENSES

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

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

10. GENERAL AND ADMINISTRATIVE EXPENSES

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

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

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

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

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

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

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

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

CGUs of KMGI

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

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

EMG CGU

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

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

Exploration expenses

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

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

12. FINANCE INCOME / FINANCE COSTS

Finance income

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

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

12. FINANCE INCOME / FINANCE COSTS (continued)

Finance costs

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

13. INCOME TAX EXPENSES

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**14. PROPERTY, PLANT AND EQUIPMENT**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and 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	-	-	-	-	-	-	(581)	(524)	(1,105)
Transfers to investment property	-	-	-	(23,253)	-	-	-	-	(23,253)
Transfers from exploration and evaluation assets	76	-	-	-	-	-	-	-	76
Transfers	66,473	15,644	4,418	17,406	70,928	4,206	5,606	(184,681)	-
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 (unaudited) (continued)**14. PROPERTY, PLANT AND EQUIPMENT (continued)**

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

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Additions

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

Transfers to assets classified as held for sale

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

In March 2021, the Group sold compressor station “Korkyt-ata”, which was reclassified to assets held for sale in 2020, for the consideration of 42,886 million tenge.

Other

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

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

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

Capital commitments are disclosed in Note 23.

15. BANK DEPOSITS

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

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

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

16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

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

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

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

<i>In millions of tenge</i>	2021	2020
On January 1 (audited)	6,471,021	5,590,384
Share in profits of joint ventures and associates, net (Note 5)	760,562	323,302
Dividends received	(156,793)	(49,970)
Change in dividends receivable	(32,657)	2,414
Other changes in the equity of the joint venture	3,353	912
Additional contributions without change in ownership	1,926	1,444
Impairment of investments	–	(38,000)
Transfers to assets held for sale	–	(3,080)
Eliminations and adjustments	–	2,937
Foreign currency translation	63,659	656,328
On September 30 (unaudited)	7,111,071	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 (further Option) effective from January 1, 2018 to December 31, 2020. On December 20, 2017, the exercise period for the Option was changed to January 1, 2020 and December 31, 2022. As of September 30, 2021 and December 31, 2020, the fair value of the Option was close to nil.

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

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

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

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

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

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

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

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

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

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

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

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

18. CASH AND CASH EQUIVALENTS

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

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

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

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

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

19. BORROWINGS

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

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

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

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

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

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

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

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

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

¹ 75 million USD with revolving credit facility.² Revolving credit facility.

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

19. BORROWINGS (continued)

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

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

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

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

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

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

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

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

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

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

Hedge of net investment in the foreign operations

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

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

19. BORROWINGS (continued)

Hedge of net investment in the foreign operations (continued)

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

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

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

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

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

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

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

21. RELATED PARTY DISCLOSURES

Terms and conditions of transactions with related parties

Related party transactions were made on terms agreed between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties. Outstanding balances are mainly unsecured and interest free and settlement occurs in cash, except as indicated below. The Group recognises allowances for expected credit losses on amounts owed by related parties.

Transactions balances

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

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

Due from/to related parties

Samruk-Kazyna entities

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

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

Associates

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

Cash and deposits placed with related parties

Other state-controlled parties

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

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

21. RELATED PARTY DISCLOSURES (continued)

Borrowings payable to related parties

Other state-controlled parties

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

Transactions turnover

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

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

Key management employee compensation

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

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

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

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

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

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

Fair values of financial instruments and investment property (continued)

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

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

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

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

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

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

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

23. CONTINGENT LIABILITIES AND COMMITMENTS

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

Cost recovery audits

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

Kazakhstan local market obligation

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

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

23. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Commitments under subsoil use contracts

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

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

Oil supply commitments

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

Other contractual commitments

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

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

Legal issues and claims

The civil litigation at KMGI

Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, resumed several previous civil filings in 2020, one of which challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital in 2003-2005. The hearings have been held periodically, but no final decisions were made. On July 13, 2021, the court rejected the complaint of Faber. However, Faber appealed against this decision. Next hearings are scheduled to December 2021.

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

Settlement of the arbitration between KTG and the partners of the North Caspian project on gas price calculus from the Kashagan field

On February 19, 2021, a decision was issued by the arbitration court on the claim of KTG against the partners of the North Caspian project on gas price calculation for the Kashagan field (further Decision). The Decision was issued in favor of KTG. For the nine months ended September 30, 2021 the parties reached an agreement on the recalculation of contract price.

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

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

24. SEGMENT REPORTING

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

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

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

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

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

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

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

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

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

Geographic information

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

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

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

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

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

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

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

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	5,844	166,877	689,740	2,150,873	244,186	76,610	–	3,334,130
Revenues from sales to other segments	634,586	75,281	14,187	234,423	29,305	56,964	(1,044,746)	–
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	(1,823,336)
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, exploration and evaluation assets, intangible assets and assets classified as held for sale	(61,272)	(5,047)	–	(160,785)	(46)	(298)	–	(227,448)
Exploration expenses	(19,692)	–	–	–	–	–	–	(19,692)
Impairment of investments in joint venture and associate	(38,000)	–	–	–	–	–	–	(38,000)
Income tax expenses	(39,008)	(17,246)	(19,793)	24,348	(8,773)	(1,592)	–	(62,064)
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	5,371,371	515,025	525,626	34,122	–	24,877	–	6,471,021
Capital expenditures	122,905	20,435	97,323	66,133	6,793	8,701	–	322,290
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,495)	(6,457)	(7,240)	(46,112)	(25,141)	(9,254)	–	(98,699)
Assets of the segment	7,827,588	1,189,807	2,405,880	2,654,458	1,302,283	281,039	(1,007,768)	14,653,287
Liabilities of the segment	814,551	198,810	921,668	1,704,835	3,269,893	105,549	(998,698)	6,016,608

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

25. SUBSEQUENT EVENTS**Dividends received**

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

Proceeds from sale of joint venture

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

Transfer of KTG to Samruk-Kazyna

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

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

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

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