

“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Interim condensed consolidated financial statements
(unaudited)

As at September 30, 2020 and for the three and nine months then ended

CONTENTS

Interim condensed consolidated financial statements (unaudited)

Interim consolidated statement of financial position.....	1-2
Interim consolidated statement of comprehensive income	3-5
Interim consolidated statement of changes in equity	6-7
Interim consolidated statement of cash flows	8-9
Notes to the interim condensed consolidated financial statements (unaudited)	10-50

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In millions of tenge</i>		September 30, 2020 (unaudited)	December 31, 2019 (audited) (restated)*
	Note		
Assets			
Non-current assets			
Property, plant and equipment	7	13,684,701	13,144,240
Intangible assets	8	2,043,360	2,003,998
Exploration and evaluation assets		363,811	371,894
Investment property		45,024	24,888
Investments in joint ventures and associates	9	4,934,663	4,242,871
Loans issued and finance lease receivables		402,001	370,556
Amounts due from credit institutions	10	159,321	169,792
Deferred tax assets		98,564	91,282
Other non-current financial assets	11	403,612	336,245
Other non-current assets	12	635,185	768,673
		22,770,242	21,524,439
Current assets			
Inventories	13	647,714	654,452
VAT receivable		205,000	191,260
Income tax prepaid		74,145	81,894
Trade accounts receivable	14	629,028	620,388
Loans issued and finance lease receivables		102,401	150,273
Amounts due from credit institutions	10	470,613	593,974
Other current financial assets	11	110,108	74,669
Other current assets	14	300,894	396,166
Cash and cash equivalents	15	2,426,638	1,993,962
		4,966,541	4,757,038
Assets classified as held for sale	6	16,177	130,487
Total assets		27,752,960	26,411,964

*The explanatory notes on pages 10 through 50 form
an integral part of these interim condensed consolidated financial statements (unaudited).*

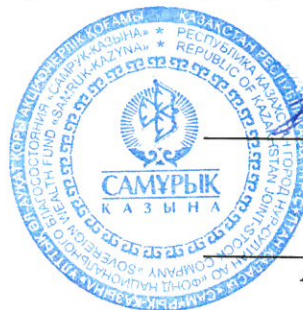
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In millions of tenge</i>	Note	September 30, 2020 (unaudited)	December 31, 2019 (audited) (restated)*
Equity and liabilities			
Equity attributable to equity holder of the Parent			
Share capital	16.1	5,257,843	5,229,112
Additional paid-in capital	16.3	12,407	17,303
Currency translation reserve	16.10	1,848,948	1,319,406
Revaluation reserve of investments at fair value through other comprehensive income		28,720	29,354
Hedging reserve		(58,618)	(46,726)
Other capital reserves		(16,984)	(16,984)
Retained earnings		6,517,699	6,171,912
		13,590,015	12,703,377
Non-controlling interest		1,660,899	1,633,935
Total equity		15,250,914	14,337,312
Non-current liabilities			
Borrowings	17	6,726,298	6,103,443
Loans from the Government of the Republic of Kazakhstan	18	599,681	622,322
Lease liabilities	20	381,988	342,574
Provisions		370,899	350,863
Deferred tax liabilities		1,127,514	1,065,288
Employee benefit liabilities		116,083	111,840
Obligations under oil supply agreements	19	255,653	357,902
Other non-current liabilities		122,580	113,520
		9,700,696	9,067,752
Current liabilities			
Borrowings	17	864,537	737,950
Loans from the Government of the Republic of Kazakhstan	18	21,313	5,238
Lease liabilities	20	116,232	84,282
Provisions		136,639	119,367
Employee benefit liabilities		12,676	12,983
Income tax payable		29,912	16,124
Trade and other payables	21	862,531	1,045,282
Obligations under oil supply agreements	19	116,759	158,162
Other current liabilities	21	639,683	741,726
		2,800,282	2,921,114
Liabilities associated with assets classified as held for sale	6	1,068	85,786
Total liabilities		12,502,046	12,074,652
Total equity and liabilities		27,752,960	26,411,964

* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2019 and reflect adjustments made, refer to Note 2.

Managing Director for Economy and Finance –
Member of the Management Board

Chief accountant



Beibit Karymsakov

Almaz Abdakhmanova

The explanatory notes on pages 10 through 50 form
an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of tenge</i>	Note	For the three months ended September 30		For the nine months ended September 30	
		2020 (unaudited)	2019 (unaudited) (restated)*	2020 (unaudited)	2019 (unaudited) (restated)*
Revenue	22	2,178,032	2,740,557	6,162,745	7,754,771
Government grants		11,767	12,127	22,811	35,384
		2,189,799	2,752,684	6,185,556	7,790,155
Cost of sales	23	(1,595,503)	(2,036,804)	(4,692,622)	(5,841,322)
Gross profit		594,296	715,880	1,492,934	1,948,833
General and administrative expenses	24	(94,989)	(100,402)	(288,333)	(306,451)
Transportation and selling expenses	25	(151,284)	(189,418)	(481,279)	(578,266)
Impairment loss, net	26	(1,897)	(130,861)	(285,447)	(199,712)
Gain/(loss) on disposal of subsidiaries		-	765	(173)	24,119
Gain on business combination		-	-	-	71,960
Operating profit		346,126	295,964	437,702	960,483
Finance costs	27	(144,428)	(150,692)	(453,757)	(423,285)
Finance income	28	35,592	42,882	131,915	126,856
Other non-operating loss		(38,315)	(26,503)	(61,786)	(39,551)
Other non-operating income		5,880	15,676	56,927	54,821
Share in profit of joint ventures and associates, net	29	139,709	206,747	415,962	703,137
Net foreign exchange gain/(loss)		61,666	10,266	134,055	(9,058)
Profit before income tax		406,230	394,340	661,018	1,373,403
Income tax expenses	30	(69,936)	(79,965)	(155,160)	(274,786)
Net profit for the period		336,294	314,375	505,858	1,098,617
Net profit for the period attributable to:					
Equity holder of the Parent		290,601	309,671	509,260	988,991
Non-controlling interest		45,693	4,704	(3,402)	109,626
		336,294	314,375	505,858	1,098,617

The explanatory notes on pages 10 through 50 form
an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		For the three months ended September 30		For the nine months ended September 30	
<i>In millions of tenge</i>	Note	2020 (unaudited)	2019 (unaudited) (restated)*	2020 (unaudited)	2019 (unaudited) (restated)*
Other comprehensive income, net of tax					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of foreign operations	16.10	355,665	87,199	617,670	49,928
Unrealized gain/(loss) from revaluation of investments at fair value through other comprehensive income		950	2,214	(301)	2,156
(Loss)/gain on cash flow hedge		(8,965)	880	(10,063)	3,550
Reclassification of losses on cash flow hedge to profit or loss		-	-	-	19,005
Reclassification to profit or loss of the revaluation reserve for the sale of financial assets at fair value through other comprehensive income		(131)	(668)	(268)	(556)
Share of the OCI items of associates and joint ventures		3,468	1,191	5,416	1,027
Tax effect on transactions of OCI components		(26,909)	(5,849)	(46,790)	(3,325)
Other comprehensive income to be reclassified to profit or loss in subsequent periods		324,078	84,967	565,664	71,785
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Share of the OCI items of associates and joint ventures		(43)	(4)	(139)	186
Actuarial gain/(loss) on defined benefit plans		259	279	(941)	(1,853)
Tax effect on transactions of OCI components		-	-	43	-
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		216	275	(1,037)	(1,667)
Other comprehensive income for the period, net of tax		324,294	85,242	564,627	70,118
Total comprehensive income for the period, net of tax		660,588	399,617	1,070,485	1,168,735

The explanatory notes on pages 10 through 50 form
an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		For the three months ended September 30		For the nine months ended September 30	
		2020	2019	2020	2019
<i>In millions of tenge</i>	Note	(unaudited)	(unaudited) (restated)*	(unaudited)	(unaudited) (restated)*
Total comprehensive income for the period, net of tax, attributable to:					
Equity holder of the Parent		587,742	386,245	1,025,263	1,054,072
Non-controlling interest		72,846	13,372	45,222	114,663
		660,588	399,617	1,070,485	1,168,735

* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three and nine months ended September 30, 2019 and reflect adjustments made, refer to Note 2.

Managing Director for Economy and Finance –
Member of the Management Board



Beibit Karymsakov

Chief accountant

Almaz Abdrakhmanova

The explanatory notes on pages 10 through 50 form
an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of tenge	Note	Attributable to the equity holder of the Parent							Non-controlling interest	Total
		Share capital	Additional paid-in capital	Revaluation reserve of investments at fair value through other comprehensive income	Currency translation reserve	Hedging reserve	Other capital reserves	Retained earnings		
Balance as at December 31, 2018		5,133,766	17,303	28,806	1,349,799	(67,163)	(16,807)	5,100,419	1,407,212	12,953,335
Effect of adoption of new standards		-	-	-	-	-	-	(8,961)	(6,293)	(15,254)
Balance as at December 31, 2018 (audited) (restated)		5,133,766	17,303	28,806	1,349,799	(67,163)	(16,807)	5,091,458	1,400,919	12,938,081
Total comprehensive income for the period		-	-	1,726	43,245	21,307	-	987,794	114,663	1,168,735
Issue of shares		25,149	-	-	-	-	-	-	1,908	27,057
Dividends		-	-	-	-	-	-	-	(42,077)	(42,077)
Other transactions with the Shareholder		-	-	-	-	-	-	(2,501)	-	(2,501)
Other distributions to the Shareholder		-	-	-	-	-	-	(73,056)	-	(73,056)
Transfer of assets to the Shareholder		-	-	-	-	-	166	(13,517)	-	(13,351)
Discount on loans from the Government		-	-	-	-	-	-	(1,796)	-	(1,796)
Acquisition of subsidiaries		-	-	-	-	-	-	-	85,804	85,804
Change in ownership interests of subsidiaries – disposal of interest that does not result in the loss of control		-	-	(103)	58	-	-	6,351	36,972	43,278
Change in ownership interests of subsidiaries – acquisition of non-controlling interest		-	-	-	-	-	(312)	(1,526)	(504)	(2,342)
Other equity movements		-	-	290	222	(222)	23	(297)	(2,348)	(2,332)
Balance as at September 30, 2019 (unaudited) (restated)		5,158,915	17,303	30,719	1,393,324	(46,078)	(16,930)	5,992,910	1,595,337	14,125,500

The explanatory notes on pages 10 through 50 form
an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

In millions of tenge	Note	Attributable to the equity holder of the Parent							Non-controlling interest	Total
		Share capital	Additional paid-in capital	Revaluation reserve of investments at fair value through other comprehensive income	Currency translation reserve	Hedging reserve	Other capital reserves	Retained earnings		
Balance as at December 31, 2019 (audited) (restated)*		5,229,112	17,303	29,354	1,319,406	(46,726)	(16,984)	6,171,912	1,633,935	14,337,312
Total comprehensive income for the period		-	-	(464)	529,121	(11,545)	-	508,151	45,222	1,070,485
Issue of shares	16.1	28,731	-	-	-	-	-	-	-	28,731
Dividends	16.2	-	-	-	-	-	-	(120,000)	(63,688)	(183,688)
Other contributions of the Shareholder	16.3	-	(4,896)	-	-	-	-	626	-	(4,270)
Other transactions with the Shareholder	16.4	-	-	-	-	-	-	8,245	-	8,245
Other distributions to the Shareholder	16.5	-	-	-	-	-	-	(32,671)	-	(32,671)
Transfer of assets to the Shareholder	16.6	-	-	-	-	-	-	(24,809)	-	(24,809)
Discount on loans from the Government	16.7	-	-	-	-	-	-	(18,743)	-	(18,743)
Disposal of subsidiaries	16.8	-	-	-	-	-	-	-	(14,040)	(14,040)
Change in ownership interests of subsidiaries – disposal of interest that does not result in the loss of control	16.9	-	-	(170)	74	-	-	25,174	59,492	84,570
Other equity movements		-	-	-	347	(347)	-	(186)	(22)	(208)
Balance as at September 30, 2020 (unaudited)		5,257,843	12,407	28,720	1,848,948	(58,618)	(16,984)	6,517,699	1,660,899	15,250,914

* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2019 and reflect adjustments made, refer to Note 2.

Managing Director for Economy and Finance –
Member of the Management Board

Chief accountant

Beibit Karymsakov

Almaz Abdurakhmanova

The explanatory notes on pages 10 through 50 form
an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of tenge</i>	Note	For the nine months ended September 30, 2020 (unaudited)	For the nine months ended September 30, 2019 (unaudited) (restated)*
Cash flows from operating activities			
Receipts from customers		6,644,975	7,548,388
Payments to suppliers		(3,785,188)	(4,873,321)
Payments to employees		(742,374)	(745,006)
Other taxes and payments		(934,955)	(1,213,244)
Operations with financial instruments (the Fund and Kazpost JSC)		22,438	14,426
Short-term lease payments and variable lease payments		(54,693)	(62,100)
Proceeds from subsidized interest rates on financial liabilities	28	14,592	-
Other payments		(84,069)	(99,043)
VAT received		104,466	63,764
Income taxes paid		(126,811)	(162,537)
Interest paid		(334,016)	(307,265)
Interest received		114,897	123,635
Net cash flows received from operating activities		839,262	287,697
Cash flows from investing activities			
Redemption/(placement) of bank deposits, net		166,888	(155,715)
Sale/(acquisition) of joint ventures and associates, net		29,418	(4,204)
Acquisition of subsidiaries, net of cash acquired with the subsidiary	5	(26,499)	(170,580)
Acquisition of property, plant and equipment, and exploration and evaluation assets		(706,523)	(734,766)
Acquisition of intangible assets		(10,253)	(12,275)
Proceeds from sale of subsidiaries, net of cash of disposed subsidiaries		11,643	62,716
Proceeds of receivables from sale of BTA Bank JSC		-	30,318
Dividends received from joint ventures and associates	9	132,000	185,975
Proceeds from the sale of property, plant and equipment and intangible assets		8,625	26,235
Proceeds from the sale of other non-current assets		14,637	4,677
Loans issued		(3,864)	(8,693)
Repayment of loans issued		18,758	49,673
Purchase of debt instruments		(114,834)	(72,818)
Other receipts		43,177	33,461
Net cash flows used in investing activities		(436,827)	(765,996)

The explanatory notes on pages 10 through 50 form
an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In millions of tenge</i>	Note	For the nine months ended September 30, 2020 (unaudited)	For the nine months ended September 30, 2019 (unaudited) (restated)*
Cash flows from financing activities			
Proceeds from borrowings		981,992	1,180,644
Repayment of borrowings		(936,717)	(1,196,869)
Share buyback by subsidiary		(212)	(2,396)
Repayment of lease liabilities		(65,767)	(62,480)
Contributions to the share capital	16.1	26,000	25,000
Distributions to the Shareholder		(37,393)	(97,644)
Dividends paid to non-controlling interest of subsidiaries	16.2	(63,596)	(36,723)
Dividends paid to the Shareholder	16.2	(120,000)	-
Disposal of interest that does not result in the loss of control	16.9	83,944	-
Bonds early extinguishment premium paid	27	(24,221)	-
Other payments		(3,564)	(2,348)
Net cash flows used in financing activities		(159,534)	(192,816)
Net increase/(decrease) in cash and cash equivalents		242,901	(671,115)
Effects of exchange rate changes on cash and cash equivalents		188,945	(4,464)
Changes in cash and cash equivalents disclosed as part of assets classified as held for sale		440	4,007
Change in allowance for expected credit losses	15	390	504
Cash and cash equivalents, at the beginning of the period		1,993,962	2,487,533
Cash and cash equivalents, at the end of the period	15	2,426,638	1,816,465

* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for for the three and nine months ended September 30, 2019 and reflect adjustments made, refer to Note 2.

Managing Director for Economy and Finance –
Member of the Management Board



Beibit Karymsakov

Chief accountant

Almaz Abdrakhmanova

The explanatory notes on pages 10 through 50 form
an integral part of these interim condensed consolidated financial statements (unaudited).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at September 30, 2020 and for the three and nine months then ended

1. GENERAL INFORMATION

Corporate information

“Sovereign Wealth Fund “Samruk-Kazyna” JSC (the “Fund” or “Samruk-Kazyna”) was established on November 3, 2008 in accordance with the Decree of the President of the Republic of Kazakhstan dated October 13, 2008 and the Resolution of the Government of the Republic of Kazakhstan dated October 17, 2008. The formation was enacted by the merger of “Sustainable Development Fund “Kazyna” JSC (“Kazyna”) and “Kazakhstan Holding Company for State Assets Management “Samruk” JSC (“Samruk”) and the additional transfer to the Fund of interests in certain entities owned by the Government of the Republic of Kazakhstan (the “State” or the “Government”). The Government is the sole shareholder of the Fund (the “Shareholder” or the “Parent”).

During this process the Government’s overall objective was to increase management efficiency and to optimise organisational structures in these entities for them to successfully achieve their strategic objectives as set in the respective Government programs and development plans of these entities.

The Fund is a holding company combining companies listed in *Note 31* (the “Group”). Prior to February 1, 2012, the Fund’s activities were governed by the Law of the Republic of Kazakhstan *On National Welfare Fund* No. 134-4 dated February 13, 2009 and were aimed to assist in provision of stable development of the state economy, modernization and diversification of economy, and improvement of the Group companies’ efficiency. According to the Law of the Republic of Kazakhstan enacted on February 1, 2012 *On Sovereign Wealth Fund* No. 550-4, the Fund’s activity is focused on improving sovereign wealth of the Republic of Kazakhstan by increasing the long-term value of the Group companies and by effective management of the Group assets.

For management purposes, the Group is organized into organizational business units based on their products and services, and has 8 (eight) reportable operating segments as follows (*Note 35*):

- Oil and gas segment includes operations related to exploration and production of oil and gas, transportation of oil and gas and refining and trading of crude oil, gas and refined products;
- Transportation segment includes operations related to railway and air transportation of cargo and passengers;
- Communication segment includes operation of fixed line communication, including local, long-distance intercity and international telecommunication services (including CIS and non-CIS countries); and also renting out of lines, data transfer services and wireless communication services;
- Energy segment includes operations related to production and distribution of electricity, the function of oversight over the input of electricity into the energy system and consumption of imported electricity, the function of centralized operation and dispatch of facilities in the Unified Energy System of Kazakhstan;
- Mining segment includes exploration, mining, processing, sales of mineral resources and geological exploration;
- Industrial segment includes projects for the development of chemical industry;
- Corporate center segment covers Fund’s investing and financing activities, including provision of loans to related and third parties;
- Other segment includes operations related to assisting the Government in increasing housing availability by investing into residential development and other operations.

The address of the Fund’s registered office is 17/10 E10 str., Nur-Sultan, the Republic of Kazakhstan.

These interim condensed consolidated financial statements were authorised for issue by Managing Director for Economy and Finance – Member of the Management Board and Chief accountant of the Fund on November 30, 2020.

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

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2020 were prepared in accordance with International Accounting Standard No. 34 *Interim Financial Statements* (IAS 34). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2019.

These interim condensed consolidated financial statements are presented in Kazakhstan tenge (“tenge”) and all monetary amounts are rounded to the nearest million tenge except where otherwise indicated.

Restatements affecting comparative information

Acquisition of Khan Tengri Holding B.V.

On June 28, 2019 the Group obtained control over Khan Tengri Holding B.V. As at December 31, 2019, the Group applied provisional amounts for the acquired assets and liabilities as the assessment of fair value for the business combination was not complete at the end of the reporting period. As at September 30, 2020 an independent professional appraiser finalised fair value assessment of acquired assets and liabilities and, as a result, comparative information as at December 31, 2019, was restated.

IFRS Interpretations Committee’s agenda decision on cancellable or renewable leases, and related non-removable leasehold improvements

In November 2019, the IFRS Interpretations Committee published an agenda decision on cancellable or renewable leases, and related non-removable leasehold improvements. The conclusions are summarized below:

Lease term

The IFRS Interpretations Committee noted that, in determining the enforceable period of the lease, an entity considers:

- The broader economics and not only the contractual termination payments. For example, if either party has an economic incentive not to terminate the lease such that it would incur a penalty on termination that is more than insignificant, the contract is enforceable beyond the date on which the contract can be terminated;
- Whether each of the parties has the right to terminate the lease without permission of the other party with no more than an insignificant penalty. A lease is no longer enforceable only when both parties have such a right. Consequently, if only one party has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the contract is enforceable beyond the date on which the contract can be terminated by that party.

If an entity concludes that the contract is enforceable beyond the notice period of a cancellable lease, it should assess whether the lessee is reasonably certain not to exercise the option to terminate the lease.

Useful life of non-removable leasehold improvements

An entity applies IAS 16 in determining the useful life of non-removable leasehold improvements. If the lease term of the related lease is shorter than the economic life of those leasehold improvements, the entity considers whether it expects to use the leasehold improvements beyond that lease term. If the entity does not expect to do so, then, applying IAS 16, it concludes that the useful life of the non-removable leasehold improvements is the same as the lease term. Since the Group’s current practice is in line with this clarification, it will not impact on the interim condensed consolidated financial statements of the Group.

This IFRIC agenda decision should be applied retrospectively and are effective immediately from date of its publication in November 2019.

The Group re-assessed its accounting for the lease contracts of technical sites with the governmental entities which were previously recognized as short-term leases as the Group applied recognition exemptions for short-term leases as in accordance with paragraph 5 of IFRS 16.

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

2. BASIS OF PREPARATION (continued)

Restatements affecting comparative information (continued)

IFRS Interpretations Committee’s agenda decision on cancellable or renewable leases, and related non-removable leasehold improvements (continued)

Useful life of non-removable leasehold improvements (continued)

As the Group applies the agenda decision it considers all relevant facts and circumstances that create an economic incentive for the lessee but not only contractual termination penalties, in assessing whether the Group is reasonably certain to extend (or not to terminate) a lease. The Group determined the lease term for technical sites lease contracts with the governmental entities equaled to average useful lives of cellular network stations.

The Group adopted the agenda decision and retrospectively recalculated lease contracts with governmental entities effective as at January 1, 2019, the Group’s date of adoption IFRS 16. The right-of-use assets for the leases were recognised based on the carrying amount as if the agenda decision had always been applied, apart from the use of incremental borrowing rate at the date of initial application. 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.

Reclassification of cash flows

Certain amounts in the interim condensed consolidated statement of cash flows for the nine months ended September 30, 2019 have been restated in accordance with the presentation adopted in the interim condensed consolidated financial statements for the three and nine months ended September 30, 2020. The Group changed the presentation of its consolidated financial statements as the new presentation provides information that is more relevant to users of the consolidated financial statements.

Effect of restatement and reclassifications is disclosed below.

Effect of restatement on the statement of financial position as at December 31, 2019:

<i>In millions of tenge</i>	December 31, 2019 (audited)	Khan Tengri Holding B.V.	Kcell JSC	December 31, 2019 (audited) (restated)
Assets				
Non-current assets				
Property, plant and equipment	13,141,006	807	2,427	13,144,240
Intangible assets	2,000,417	3,581	–	2,003,998
Deferred tax assets	91,229	–	53	91,282
Total assets	26,405,096	4,388	2,480	26,411,964
Equity				
Retained earnings	6,171,964	23	(75)	6,171,912
Equity attributable to equity holder of the Parent	12,703,429	23	(75)	12,703,377
Non-controlling interest	1,634,047	22	(134)	1,633,935
Total equity	14,337,476	45	(209)	14,337,312
Liabilities				
Non-current liabilities				
Lease liabilities	340,029	–	2,545	342,574
Deferred tax liabilities	1,064,128	1,160	–	1,065,288
Other non-current liabilities	111,659	1,861	–	113,520
Current liabilities				
Lease liabilities	84,138	–	144	84,282
Trade and other payables	1,046,047	(765)	–	1,045,282
Other current liabilities	739,639	2,087	–	741,726
Total liabilities	12,067,620	4,343	2,689	12,074,652
Total equity and liabilities	26,405,096	4,388	2,480	26,411,964

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

2. BASIS OF PREPARATION (continued)

Restatements affecting comparative information (continued)

Effect of restatement on interim statement of comprehensive income for the three and nine months ended September 30, 2019:

<i>In millions of tenge</i>	For the nine months ended September 30, 2019 (unaudited)	Kcell JSC	For the nine months ended September 30, 2019 (unaudited) (restated)
Cost of sales	(5,840,900)	(422)	(5,841,322)
Gross profit	1,949,255	(422)	1,948,833
Transportation and selling expenses	(578,912)	646	(578,266)
Operating profit	960,259	224	960,483
Finance costs	(423,670)	385	(423,285)
Profit before income tax	1,372,794	609	1,373,403
Income tax expenses	(274,771)	(15)	(274,786)
Net profit for the period	1,098,023	594	1,098,617
Net profit for the period attributable to:			
Equity holder of the Parent	988,695	296	988,991
Non-controlling interest	109,328	298	109,626
Total comprehensive income for the period, net of tax, attributable to:			
Equity holder of the Parent	1,053,776	296	1,054,072
Non-controlling interest	114,365	298	114,663

<i>In millions of tenge</i>	For the three months ended September 30, 2019 (unaudited)	Kcell JSC	For the three months ended September 30, 2019 (unaudited) (restated)
Cost of sales	(2,036,731)	(73)	(2,036,804)
Gross profit	715,953	(73)	715,880
Finance costs	(150,809)	117	(150,692)
Profit before income tax	314,331	44	314,375
Net profit for the period attributable to:			
Equity holder of the Parent	309,648	23	309,671
Non-controlling interest	4,683	21	4,704
Total comprehensive income for the period, net of tax, attributable to:			
Equity holder of the Parent	386,222	23	386,245
Non-controlling interest	13,351	21	13,372

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

2. BASIS OF PREPARATION (continued)

Restatements affecting comparative information (continued)

Effect of reclassifications on the interim consolidated statement of cash flows for the nine months ended September 30, 2019:

<i>In millions of tenge</i>	For the nine months ended September 30, 2019 (unaudited)	Kcell JSC	Reclassifi- cation	For the nine months ended September 30, 2019 (unaudited) (restated)
Cash flows from operating activities				
Short-term lease payments and variable lease payments	–	–	(62,100)	(62,100)
Other payments	(161,143)	–	62,100	(99,043)
Interest paid	(305,280)	(1,985)	–	(307,265)
Net cash flows received from operating activities	289,682	(1,985)	–	287,697
Cash flows from investing activities				
Proceeds from the sale of property, plant and equipment and intangible assets	–	–	26,235	26,235
Proceeds from the sale of other non-current assets	–	–	4,677	4,677
Other receipts	64,373	–	(30,912)	33,461
Net cash flows used in investing activities	(765,996)	–	–	(765,996)
Cash flows from financing activities				
Repayment of lease liabilities	(64,465)	1,985	–	(62,480)
Net cash flows used in financing activities	(194,801)	1,985	–	(192,816)

In addition, the Group reclassified right of use of property, plant and equipment under lease agreements acquired with Khan Tengri Holding B.V. between categories of property, plant and equipment in order the classification to conform with the Corporate accounting policy of the Group.

The effect of restatement and reclassifications on the carrying amount of right-of-use assets as at December 31, 2019 is disclosed below:

<i>In millions of tenge</i>	December 31, 2019 (audited)	Kcell JSC	Reclassifi- cation	December 31, 2019 (audited) (restated)
Right-of-use assets under lease agreements included in property, plant and equipment				
Buildings and premises	30,694	2,427	40,837	73,958
Machinery, equipment and vehicles	294,357	–	(18,154)	276,203
Other	45,167	–	(22,683)	22,484
	414,960	2,427	–	417,387

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

2. BASIS OF PREPARATION (continued)

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities included in these interim condensed consolidated financial statements for the three and nine months ended September 30, 2020 are measured using the currency of the primary economic environment in which the entities operate (“the functional currency”). The interim condensed consolidated financial statements are presented in tenge (“tenge”), which is the Group’s presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

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

Group entities

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

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

Exchange rates

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

The following table presents foreign currency exchange rate to tenge:

	September 30, 2020	December 31, 2019	Weighted average for the nine months ended September 30, 2020	Weighted average for the nine months ended September 30, 2019	November 30, 2020
United States dollar (“USD”)	431.82	382.59	409.23	381.52	425.05
Euro (“EUR”)	505.57	429	460.04	428.67	509.29
Russian ruble (“RUR”)	5.52	6.16	5.78	5.87	5.58

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

2. BASIS OF PREPARATION (continued)

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

The impact of COVID-19 and the current economic environment on the basis of preparation of these interim condensed consolidated financial statements has been considered. The Group continues to consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information. Forecast liquidity has been assessed under a number of stressed scenarios to support this assertion.

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

Recoverability of oil and gas assets, downstream, refining and other assets

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

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

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

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

In the first quarter of 2020 impairment charges of 60,440 million tenge attributable to Embamunaigas CGU (*Note 26*) and 38,000 million tenge related to the Group’s joint venture and the associate (*Note 9*) were recognized.

In the second quarter of 2020 impairment charge of 159,009 million tenge (*Note 26*) attributable to KMG International N.V. CGU (further – KMGI) was recognized.

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

The significant majority of oil, gas and refining assets have limited headroom, a change in price or other assumptions within the next financial year may result in a recoverable amount of these assets above or below the current carrying amount and therefore there is a risk of impairment reversals or charges in that period. Sensitivity to key assumptions for significant CGUs of the Group at which impairment charges were recognized in the first half of 2020 were disclosed in *Note 26*.

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

2. BASIS OF PREPARATION (continued)

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

Railway assets

Due to existing impairment indicators, the Group performed an impairment test for the property, plant and equipment and intangible assets as at September 30, 2020. The discount rate (WACC) used in calculating the value in use of property, plant and equipment, intangible assets and goodwill of the Group amounted to 11%.

Based on the calculation no impairment was identified. However, the value in use estimate is sensitive particularly to the following assumptions:

- Transit freight transportation volumes;
- Revenue rate, including the tariffs growth, types of freight, distance of freight transportation; and
- The discount rate (WACC).

Adverse changes in the planned growth rates of freight turnover associated with general trends in the country's economy, insufficient indexation of tariffs to inflation, continued volatility of the tenge against foreign currencies, changes in the level of government support, as well as adverse changes in other factors in the future, may lead to incurring a significant impairment loss in the periods in which such changes occur.

Provisions assumptions

The credit-adjusted risk-free rate used to discount provisions was reviewed as a result of the changes in long-dated government bond yields during the nine months ended September 30, 2020. The changes have not significantly affected the Group's overall assessment of the discount rate applied to the Group's provisions as the discount rates changed insignificantly. The timing and amount of cash flows relating to Group's existing provisions are not currently expected to change significantly as a result of the current environment however the detailed annual review will take place later in 2020.

Other accounting judgments and estimates

All other significant accounting judgments and estimates disclosed in the annual consolidated financial statements remain applicable and no new significant accounting judgments or estimates have been identified.

New and amended standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards and interpretations effective as of January 1, 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3 Business combinations: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, since the Group's current practice is in line with these amendments.

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

2. BASIS OF PREPARATION (continued)

New and amended standards and interpretations (continued)

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

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

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

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

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

Amendments to IFRS 16 Related Rent Concessions

The amendment to IFRS 16 is effective from June 1, 2020 and provides a practical simplification that allows to disregard the lease concession (assignment) directly related to COVID-19 as a modification of the lease.

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

Conceptual Framework for Financial Reporting issued on March 29, 2018 (Financial reporting framework)

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

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

3. SEASONALITY OF OPERATIONS

The Group’s operating expenses are subject to seasonal fluctuations, with higher expenses for various materials, production services, maintenance and other services usually expected in the second half of the year rather than in the first six months. These fluctuations are mainly due to requirements to conduct formal public tenders during the first six months with goods and services being purchased in the second six months of the year.

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

4. SIGNIFICANT ACCOUNTING ESTIMATES, AND JUDGEMENTS

The preparation of interim condensed consolidated financial statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019.

5. BUSINESS COMBINATION

Logistic System Management B.V.

In November 2019, the Group entered into an agreement to purchase 50% of shares in the joint venture Logistic System Management B.V. from the second partner (third party). Due to suspensive conditions, the Group completed the transaction at the end of May 2020 and made payment for the purchased shares in the amount of 73,000 thousand US dollars (equivalent to 30,669 million tenge as at payment date). As a result, the Group obtained control of Logistic System Management B.V., the sole shareholder of the Kazakhstani company Kedentransservice JSC.

Kedentransservice JSC is a leading logistics terminal operator in Kazakhstan with an extensive client base. Due to the consolidation of the operation of rolling stock, terminal and other services at Kedentransservice JSC, the Group is planning to create an integrated company to provide container transportation services, with a container, wagon fleets and terminals. According to the expectations of Group’s management, the implementation of the project will help increase the Group’s share of the Kazakhstan container market and the quality of services provided and profitability.

The acquisition was accounted for using the purchase method.

The Group has provisionally reflected in the condensed interim consolidated financial statements for the six months ended June 30, 2020, a previously held interest in Logistic System Management B.V. share capital based on the transaction price for acquisition of a 50% share from the second partner, and identifiable assets and liabilities as at the acquisition date at provisional (carrying) amounts.

In September 2020, the Group updated its preliminary assessment of the identifiable acquired assets and liabilities and determined the preliminary fair value of a 100% share in Logistic System Management B.V. in the amount of 54,374 million tenge and a net asset value of 36,070 million tenge as of the date of acquisition. Accordingly, goodwill at the acquisition date was 18,304 million tenge (*Note 8*). The value of the Group’s previously held participation interest in the amount of 14,670 million tenge (*Note 9*) has been revalued to a fair value of 23,705 million tenge. The revaluation of the previously held interest in the amount of 9,035 million tenge was recognized in the interim statement of comprehensive income within other non-operating income. The Group’s management plans to complete the assessment of the fair value of the acquired business within one year from the acquisition date.

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

5. BUSINESS COMBINATION (continued)

Logistic System Management B.V. (continued)

The Group’s preliminary allocation of the total consideration for the acquisition for the fair value of assets acquired and liabilities assumed is presented below:

<i>In millions of tenge</i>	At acquisition date
Assets	
Non-current assets	
Property, plant and equipment	29,159
Intangible assets	329
Investment property	5,280
Other non-current financial assets	27
Other non-current assets	13
Current assets	
Inventories	1,233
VAT receivable	898
Income tax prepaid	698
Amounts due from credit institutions	9
Trade accounts receivable	3,557
Other current assets	3,035
Cash and cash equivalents	4,170
Total assets	48,408
Liabilities	
Non-current liabilities	
Lease liabilities	2,466
Deferred tax liabilities	2,456
Employee benefit liabilities	140
Current liabilities	
Lease liabilities	413
Employee benefit liabilities	17
Trade and other payables	3,483
Other current liabilities	3,363
Total liabilities	12,338
Net assets	36,070
Cash consideration	30,669
Share in net assets previously belonging to the Group	14,670
Increase in the fair value of a previously held interest in a joint venture	9,035
Less identifiable net assets	(36,070)
Preliminary goodwill from the acquisition	18,304

Net cash outflow arising on acquisition of a subsidiary:

<i>In millions of tenge</i>	
Cash consideration	30,669
Less: cash and cash equivalent balances acquired	(4,170)
	26,499

If the business combination had occurred on January 1, 2020, Group revenue and profit for the nine months ended September 30, 2020 would have increased by 11,914 million tenge and 251 million tenge, respectively.

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

6. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE

Disposals

Transtelecom JSC

In April 2018, a purchase and sale agreement was concluded on the sale of 26% minus 1 (one) share of Transtelecom JSC. On January 24, 2020 the remaining balance of the purchase price was paid by the buyer for 26% minus 1 (one) share of Transtelecom JSC. On January 29, 2020 shares of Transtelecom JSC were disposed, as a result, the Group lost control over the subsidiary and recognised residual interest of 25% at fair value of 9,086 million tenge as investment in associate and disposal of non-controlling interest in Transtelecom JSC of 14,040 million tenge in consolidated statement of changes in equity (*Note 16*).

At the date of loss of control net assets of Transtelecom JSC were as follows:

<i>In millions of tenge</i>	Net assets at the date of disposal
Property, plant and equipment	85,466
Intangible assets	4,607
Other non-current financial assets	97
Other non-current assets	577
Inventories	2,307
VAT receivable	767
Income tax prepaid	169
Trade accounts receivable	8,333
Loans issued and finance lease receivables	798
Amounts due from credit institutions	27
Other current assets	12,171
Cash and cash equivalents	6,352
Total assets	121,671
Borrowings	53,139
Lease liabilities	1,853
Deferred tax liabilities	4,467
Employee benefit liabilities	504
Other non-current liabilities	2,472
Trade and other payables	18,841
Other current liabilities	7,646
Total liabilities	88,922
Net assets	32,749

Net cash inflow from disposal of a subsidiary was as follows:

<i>In millions of tenge</i>	
Cash consideration received	9,450
Advances received previously	(470)
Less: cash and cash equivalents of disposed subsidiary	(6,352)
Total cash inflow	2,628

Net of loss incurred by Transtelecom JSC for the period from January 1, 2020 till the date of sale amounted to 15 million tenge. The resulting loss on disposal of Transtelecom JSC amounted to 173 million tenge.

MC SEZ Khorgos-Eastern Gates JSC (“Khorgos”)

In March 2020, in accordance with the Resolution of the Government of the Republic of Kazakhstan dated March 19, 2019 the Group transferred 100% of shares in Khorgos free of charge to the akimat of Almaty oblast. As a result, the Group lost control of Khorgos and recorded the disposal of net assets of 24,809 million tenge through equity in retained earnings (*Note 16*).

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

6. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE (continued)

Disposals (continued)

MC SEZ Khorgos-Eastern Gates JSC (“Khorgos”) (continued)

The assets and liabilities of Khorgos as at the disposal date are as follows:

<i>In millions of tenge</i>	Net assets at the date of disposal
Property, plant and equipment	20,219
Intangible assets	555
Other non-current assets	2,734
Inventories	16
Trade accounts receivable	31
Other current assets	332
Cash and cash equivalents	1,886
Total assets	25,773
Employee benefit liabilities	3
Trade and other payables	847
Other current liabilities	114
Total liabilities	964
Net assets	24,809

Khorgos revenue and loss for the period from January 1 until the disposal date were 60 million tenge and 1,248 million tenge, respectively.

Summary information

Assets classified as held for sale comprised the following:

<i>In millions of tenge</i>	Segment	September 30, 2020 (unaudited)	December 31, 2019 (audited)
Transtelecom JSC	Transportation	–	106,247
Other		16,177	24,240
		16,177	130,487

Liabilities associated with assets classified as held for sale comprised the following:

<i>In millions of tenge</i>	Segment	September 30, 2020 (unaudited)	December 31, 2019 (audited)
Transtelecom JSC	Transportation	–	85,656
Other		1,068	130
		1,068	85,786

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

7. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are presented as follows:

<i>In millions of tenge</i>	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infra- structure	Machinery, equipment and vehicles	Mining assets	Other	Const- ruction in progress	Total
Net book value at January 1, 2020 (audited) (restated)	4,232,980	2,186,306	1,150,474	1,134,626	3,204,886	164,837	169,741	900,390	13,144,240
Foreign currency translation	466,447	49,965	11,923	(82)	37,500	–	11,940	21,221	598,914
Changes in estimates	(11,393)	2,814	(161)	–	55	(32)	578	–	(8,139)
Additions	17,619	7,721	5,818	1	69,604	11,397	2,858	685,833	800,851
Additions through lease agreements	1,542	102	2,612	–	94,411	–	1,840	2	100,509
Acquisition through business combinations (Note 5)	–	–	10,980	–	12,211	–	3,046	1,079	27,316
Disposals	(13,487)	(15,871)	(15,865)	(241)	(53,740)	(3)	(2,875)	(2,218)	(104,300)
Depreciation charge	(207,817)	(107,765)	(51,745)	(27,605)	(243,873)	(19,789)	(15,423)	–	(674,017)
Depreciation and impairment on disposals	10,548	6,804	3,307	130	20,585	–	2,360	842	44,576
Impairment, net of reversal of impairment	(41,760)	(154,226)	(1,462)	28	(12,376)	–	(249)	(3,704)	(213,749)
Transfer from/ (to) assets classified as held for sale	–	(832)	(7,647)	–	(279)	–	(44)	(1,251)	(10,053)
Transfers from/(to) intangible assets	(603)	–	–	–	(3)	8	(581)	(3,020)	(4,199)
Transfers from/(to) exploration and evaluation assets/ investment property	3,838	–	(23,703)	–	–	26	–	–	(19,839)
Transfer from/(to) inventories, net	23	564	(2)	(398)	202	514	404	1,284	2,591
Other transfers and reclassifications	66,473	20,062	74,587	15,713	156,293	1,626	7,211	(341,965)	–
Net book value at September 30, 2020 (unaudited)	4,524,410	1,995,644	1,159,116	1,122,172	3,285,476	158,584	180,806	1,258,493	13,684,701
Historical cost	6,245,911	3,606,834	1,739,212	1,403,404	5,666,311	334,213	359,153	1,351,938	20,706,976
Accumulated depreciation and impairment	(1,721,501)	(1,611,190)	(580,096)	(281,232)	(2,380,835)	(175,629)	(178,347)	(93,445)	(7,022,275)
Net book value at September 30, 2020 (unaudited)	4,524,410	1,995,644	1,159,116	1,122,172	3,285,476	158,584	180,806	1,258,493	13,684,701
Historical cost	5,615,863	3,437,819	1,664,671	1,390,130	5,395,828	320,677	324,215	994,697	19,143,900
Accumulated depreciation and impairment	(1,382,883)	(1,251,513)	(514,197)	(255,504)	(2,190,942)	(155,840)	(154,474)	(94,307)	(5,999,660)
Net book value at December 31, 2019 (audited) (restated)	4,232,980	2,186,306	1,150,474	1,134,626	3,204,886	164,837	169,741	900,390	13,144,240

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

7. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>In millions of tenge</i>	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infra- structure	Machinery, equipment and vehicles	Mining assets	Other	Construc- tion in progress	Total
Including right-of-use assets under lease agreements									
Net book value at January 1, 2020 (audited) (restated)	43,814	928	73,958	–	276,203	–	22,484	–	417,387
Foreign currency translation	5,343	65	1,664	–	12,357	–	2,786	–	22,215
Changes in estimates	–	81	(3)	–	(276)	–	578	–	380
Additions through lease agreements	1,542	102	2,612	–	94,411	–	1,840	2	100,509
Acquisition through business combinations	–	–	939	–	1,659	–	–	–	2,598
Disposals	–	–	(305)	–	(32,556)	–	(775)	–	(33,636)
Depreciation charge	(5,372)	(215)	(12,041)	–	(40,331)	–	(2,375)	–	(60,334)
Depreciation and impairment on disposals	–	–	27	–	7,976	–	541	–	8,544
Impairment, net of reversal of impairment	–	–	–	–	(4,512)	–	–	–	(4,512)
Net book value at September 30, 2020 (unaudited)	45,327	961	66,851	–	314,931	–	25,079	2	453,151
Historical cost of right-of-use assets under lease agreements	57,607	1,653	94,170	–	546,220	–	29,334	2	728,986
Accumulated depreciation and impairment of right-of-use assets under lease agreements	(12,280)	(692)	(27,319)	–	(231,289)	–	(4,255)	–	(275,835)
Net book value at September 30, 2020 (unaudited)	45,327	961	66,851	–	314,931	–	25,079	2	453,151

As at September 30, 2020 property, plant and equipment with net book value of 1,010,687 million tenge was pledged as collateral for some of the Group’s borrowings (December 31, 2019: 1,101,686 million tenge).

As at September 30, 2020 the cost of fully amortised property, plant and equipment of the Group was equal to 1,223,258 million tenge (December 31, 2019: 1,088,767 million tenge).

For the nine months ended September 30, 2020 the Group capitalized borrowing costs at an average interest rate of 4.8% in the amount of 18,183 million tenge (*Note 17*) (for the nine months ended September 30, 2019: at an average interest rate of 5.2% in the amount of 13,970 million tenge).

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

8. INTANGIBLE ASSETS

Movements in intangible assets are presented as follows:

<i>In millions of tenge</i>	Licenses	Subsur- face use rights	Goodwill	Marketing related intangible assets	Software	Other	Total
Net book value at January 1, 2020 (audited) (restated)	700,364	845,690	301,549	28,960	51,900	75,535	2,003,998
Foreign currency translation	62,389	24,825	1,288	3,349	684	1,220	93,755
Additions	1,342	95	–	–	5,641	1,803	8,881
Acquisition through business combinations (Note 5)	–	–	18,304	–	329	–	18,633
Disposals	(853)	–	–	–	(1,309)	(955)	(3,117)
Amortization charge	(33,897)	(26,161)	–	–	(13,419)	(3,867)	(77,344)
Accumulated amortization on disposals	849	–	–	–	590	125	1,564
(Impairment)/reversal of impairment, net	–	–	–	(6,841)	(376)	–	(7,217)
Transfers from/(to) property, plant and equipment	(47)	603	–	–	3,070	573	4,199
Transfers from/(to) other non- current assets	–	–	–	–	8	–	8
Other transfers and reclassifications	1,109	–	–	–	2,360	(3,469)	–
Net book value at September 30, 2020 (unaudited)	731,256	845,052	321,141	25,468	49,478	70,965	2,043,360
Historical cost	882,236	940,167	438,107	65,374	175,087	145,595	2,646,566
Accumulated amortization and impairment	(150,980)	(95,115)	(116,966)	(39,906)	(125,609)	(74,630)	(603,206)
Net book value at September 30, 2020 (unaudited)	731,256	845,052	321,141	25,468	49,478	70,965	2,043,360
Historical cost	806,879	912,221	418,457	57,921	161,474	139,728	2,496,680
Accumulated amortization and impairment	(106,515)	(66,531)	(116,908)	(28,961)	(109,574)	(64,193)	(492,682)
Net book value at December 31, 2019 (audited) (restated)	700,364	845,690	301,549	28,960	51,900	75,535	2,003,998

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

9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Investments in joint ventures and associates comprised the following:

In millions of tenge	Main activity	Place of business	September 30, 2020 (unaudited)		December 31, 2019 (audited)	
			Carrying amount	Percentage ownership	Carrying amount	Percentage ownership
Joint ventures						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	2,797,308	20.00%	2,377,207	20.00%
Asian Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	283,511	50.00%	168,086	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	161,033	50.00%	158,867	50.00%
Beineu-Shymkent Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	130,527	50.00%	101,766	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	74,666	50.00%	79,849	50.00%
Forum Muider B. V.	Production of coal	Kazakhstan	38,278	50.00%	33,938	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	33,003	50.00%	25,619	50.00%
Ural Group Limited BVI	Oil and gas exploration and production	Kazakhstan	28,095	50.00%	47,662	50.00%
AstanaGas KMG LLP	Gas pipeline construction	Kazakhstan	22,739	50.00%	33,813	50.00%
Other			121,866		146,330	
Total joint ventures			3,691,026		3,173,137	
Associates						
Kazzinc LLP	Mining and processing of metal ores, production of refined metals	Kazakhstan	517,288	29.82%	459,091	29.82%
Caspian Pipeline Consortium	Transportation of liquid hydrocarbons	Kazakhstan/ Russia	463,252	20.75%	359,173	20.75%
PetroKazakhstan Inc. (“PKI”)	Exploration, production and processing of oil and gas	Kazakhstan	89,259	33.00%	95,320	33.00%
JV KATCO LLP	Exploration, production and processing of uranium	Kazakhstan	71,759	49.00%	61,642	49.00%
Other			102,079		94,508	
Total associates			1,243,637		1,069,734	
			4,934,663		4,242,871	

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

9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following table summarizes the movements in equity investments in joint ventures and associates:

In millions of tenge

Balance as at January 1 (audited)	4,242,871
Foreign currency translation	449,380
Share in profit of joint ventures and associates, net (Note 29)	415,962
Additional contributions without change in ownership	9,414
Transfers from/(to) assets classified as held for sale	6,007
Other comprehensive income, other than foreign currency translation	5,253
Adjustment of unrealized income	2,936
Discount on loans issued	1,180
Acquisition	200
Dividends received	(132,000)
Change in dividends receivable	(2,208)
Impairment of investments (Note 26)	(49,641)
Disposals (Note 5)	(14,670)
Write off of investments	(21)
Balance as at September 30, 2020 (unaudited)	4,934,663

10. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprised the following:

	September 30, 2020 (unaudited)	December 31, 2019 (audited)
<i>In millions of tenge</i>		
Bank deposits	515,791	643,857
Loans to credit institutions	120,763	127,393
Less: allowance for expected credit losses	(6,620)	(7,484)
Amounts due from credit institutions, net	629,934	763,766
Less: current portion	(470,613)	(593,974)
Non-current portion	159,321	169,792

	September 30, 2020 (unaudited)	December 31, 2019 (audited)
<i>In millions of tenge</i>		
Rating from A+(A1) to A-(A3)	134,761	207,078
Rating from BBB-(Baa3) to BB-(Ba3)	311,084	420,760
Rating from B+(B1) to B-(B3)	184,089	135,928
	629,934	763,766

	September 30, 2020 (unaudited)	Weighted average interest rate	December 31, 2019 (audited)	Weighted average interest rate
<i>In millions of tenge</i>				
Amounts due from credit institutions, denominated in US dollars	396,894	0.92%	546,639	1.06%
Amounts due from credit institutions, denominated in tenge	230,606	5.83%	217,117	5.86%
Amounts due from credit institutions, denominated in other currencies	2,434	3.08%	10	4%
	629,934		763,766	

As at September 30, 2020 amounts due from credit institutions included funds of 11,240 million tenge pledged as collateral for certain Group's borrowings (December 31, 2019: 15,062 million tenge).

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

11. OTHER FINANCIAL ASSETS

Other financial assets comprised the following:

	September 30, 2020 (unaudited)	December 31, 2019 (audited)
<i>In millions of tenge</i>		
Financial assets at fair value through other comprehensive income (“FVOCI”), including	59,658	52,984
Bonds of Kazakhstani financial institutions	42,569	35,268
Corporate bonds	10,488	1,214
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	6,539	11,475
Equity securities	62	62
Treasury notes of foreign governments	–	4,965
Financial assets at amortized cost, including	380,471	310,326
Bonds of Kazakhstani financial institutions	229,177	210,161
Corporate bonds	103,612	101,885
Notes of the National Bank of the Republic of Kazakhstan	54,281	7,460
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	1,899	1,676
Less: allowance for expected credit losses	(8,498)	(10,856)
Financial assets at fair value through profit or loss (“FVPL”), including	73,591	47,604
Equity securities	63,250	27,754
Corporate bonds	3,935	4,006
Note receivable from shareholder of joint venture	3,753	13,627
Options	1,453	543
Bonds of Kazakhstani financial institutions	749	722
Forward and futures contracts	451	952
Total financial assets	513,720	410,914
Less: current portion	(110,108)	(74,669)
Non-current portion	403,612	336,245

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

	September 30, 2020 (unaudited)	December 31, 2019 (audited)
<i>In millions of tenge</i>		
Financial assets, denominated in tenge	405,698	341,777
Financial assets, denominated in US dollars	106,118	67,642
	511,816	409,419

12. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

	September 30, 2020 (unaudited)	December 31, 2019 (audited)
<i>In millions of tenge</i>		
Advances paid for non-current assets	279,933	434,486
Long-term VAT receivable	209,044	235,573
Restricted cash	119,215	98,188
Long-term inventories	56,753	24,024
Prepaid expenses	13,091	14,507
Long-term receivables	12,742	14,497
Other	37,685	40,067
Less: impairment allowance	(93,278)	(92,669)
	635,185	768,673

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

13. INVENTORIES

Inventories comprised the following:

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited)
Uranium products	165,867	169,367
Production materials and supplies	65,890	61,707
Goods for resale	64,059	70,604
Work in progress	50,383	44,913
Gas processed products	49,331	52,566
Oil refined products for sale	47,856	53,943
Oil and gas industry materials and supplies	45,143	35,744
Crude oil	28,447	61,100
Fuel	27,829	17,523
Railway industry materials and supplies	16,748	21,485
Aircraft spare parts	13,639	11,504
Electric transmission equipment spare parts	3,488	2,803
Telecommunication equipment spare parts	2,749	2,100
Uranium industry materials and supplies	1,794	1,137
Other materials and supplies	64,491	47,956
	647,714	654,452

14. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

Trade accounts receivable comprised the following:

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited)
Trade accounts receivable	677,095	666,464
Less: allowance for expected credit losses	(48,067)	(46,076)
	629,028	620,388

Other current assets comprised the following:

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited)
Advances paid and deferred expenses	127,581	195,205
Other accounts receivable	100,193	109,307
Other prepaid taxes	79,920	97,818
Restricted cash	54,437	53,262
Dividends receivable	14,060	12,708
Amounts due from employees	4,426	4,928
Other current assets	20,488	20,136
Other current financial assets	7,523	9,907
Less: impairment allowance	(107,734)	(107,105)
	300,894	396,166

As at September 30, 2020 the Group's receivables of 175,318 million tenge were pledged under certain Group borrowings (December 31, 2019: 71,401 million tenge).

At at September 30, 2020 2,288 million tenge of the Group's receivables were interest bearing (December 31, 2019: 313 million tenge). As September 30, 2020 the weighted average interest rate was 13.53% (December 31, 2019: 11.16%).

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

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited)
Current accounts with banks – US dollars	513,518	1,116,492
Current accounts with banks – tenge	347,893	215,008
Current accounts with banks – other currency	28,430	33,392
Bank deposits – US dollars	693,464	199,949
Bank deposits – tenge	740,911	379,212
Bank deposits – other currency	57,434	6,450
Urgent loans – US dollars	9,504	–
Urgent loans – tenge	4,025	–
Urgent loans – other currency	30	–
Reverse repurchase agreements with contractual maturity of three months or less	13,987	10,735
Cash on hand	10,033	9,821
Cash in transit	7,671	23,555
Less: allowance for expected credit losses	(262)	(652)
	2,426,638	1,993,962

Short-term bank deposits are placed for varying periods of between 1 (one) day and 3 (three) months, depending on immediate cash needs of the Group. As at September 30, 2020 the weighted average interest rates for short-term bank deposits and current accounts were 4.5% and 1.82%, respectively (December 31, 2019: 6.02% and 0.87%, respectively).

16. EQUITY

16.1 Share capital

Payment for shares	Number of shares authorized and issued	Par value per share, in tenge	Share capital in millions of tenge
As at December 31, 2019 (audited)	3,481,957,769		5,229,112
Cash contributions	763	34,075,462	26,000
Property contributions	125	21,848,312	2,731
As at September 30, 2020 (unaudited)	3,481,958,657		5,257,843

Cash contributions

On April 23, 2020 the Shareholder made cash contributions to the Fund’s share capital of 26,000 million tenge. These amounts were aimed to finance projects carried out by United Chemical Company LLP (“UCC”), subsidiary of the Fund.

Property contributions

On June 23, 2020 the State property and privatization committee of the Ministry of finance of the Republic of Kazakhstan contributed property of 2,731 million tenge to the Fund’s share capital. This property was transferred to the charter capital of subsidiary Samruk Energy JSC.

16.2 Dividends

Dividends attributable to equity holder of the Parent

During the nine months ended September 30, 2020, the Fund declared and paid dividends to the Shareholder of 120,000 million tenge based on financial results for 2019 according to the Resolution of the Government dated August 21, 2020.

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

16. EQUITY (continued)

16.2 Dividends (continued)

Dividends attributable to non-controlling interest

During the nine months ended September 30, 2020, the Group declared dividends of 63,688 million tenge to the holders of non-controlling interest in National Company “KazMunayGas” JSC (“NC KMG”) group, Kazakhtelecom JSC (“KTC”), National Atomic Company “Kazatomprom” JSC (“NAC KAP”) and Kazakhstan Electricity Grid Operating Company JSC (“KEGOC”). Total amount of dividends paid to the holders of non-controlling interest during the nine months ended September 30, 2020 equaled 63,596 million tenge.

16.3 Other contributions of the Shareholder

In 2017 the Government contributed gas pipelines to the Group on trust management, the fair value of which was recorded within additional paid in capital in the amount of 9,638 million tenge. In 2018 the fair value of pipelines was adjusted to 9,629 million tenge. Upon termination of trust management agreement, the Group returned gas pipelines to the Government and reversed the carrying value of these pipelines from additional paid in capital, and 626 million tenge of accumulated depreciation of gas pipelines was reversed from retained earnings.

During the nine months ended September 30, 2020, the Group received property, plant and equipment represented by gas transportation system under trust management agreement from the Government with the fair value of 4,733 million tenge.

16.4 Other transactions with the Shareholder

In April 2020, the Group entered into purchase and lease agreements with DBK-Leasing JSC, which is under the common control of the ultimate Shareholder, to update its passenger wagon fleet for 17,857 million tenge. Interest is repaid annually at 1.5%. Principal is repaid annually until fully repaid in 2040. The principal grace period is 6 years. The Group treats finance liabilities under these types of agreement as loans.

The loan interest was lower than the market rate, and the fair value of the loan was calculated based on the market interest rate of 10.2%. The Group recognised the adjustment to fair value at 10,307 million tenge net of the deferred tax effect of 2,062 million tenge as other transaction with the Shareholder in consolidated statement of changes in equity.

16.5 Other distributions to the Shareholder

Social projects financing

During the nine months ended September 30, 2020, in accordance with the Shareholder’s resolutions, the Fund recognized liabilities for financing of various social projects for total amount of 19,329 million tenge. These liabilities were recognized as other distributions to the Shareholder in the consolidated statement of changes in equity.

Financing construction of social facilities

During the nine months ended September 30, 2020, in accordance with the Shareholder’s resolutions, the Fund recognized liabilities for financing of the construction of social facilities located in the Turkestan city as part of the socio-economic development of the Turkestan region in the amount of 12,959 million tenge. This financing was recognized as other distributions to the Shareholder in the consolidated statement of changes in equity.

16.6 Transfer of assets to the Shareholder

Transfer of shares of Khorgos

In March 2020 in accordance with the Resolution of the Government of the Republic of Kazakhstan dated March 19, 2019 the Group transferred 100% of the shares of a subsidiary Khorgos with the net assets of 24,809 million tenge to the Almaty region municipalities free of charge (*Note 6*). This transaction was recognized as transfer of assets to the Shareholder in consolidated statement of changes in equity.

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

16. EQUITY (continued)

16.7 Discount on loans from the Government

During the nine months ended September 30, 2020 the Group made partial early repayment of bonds in the amount of 50,182 million tenge purchased by the National Bank. Due to the early redemption of obligations due to the National Bank of the Republic of Kazakhstan, the Group recognized the decrease in discount on loans from the Government of 18,743 million tenge in consolidated statement of changes in equity (*Note 18*).

16.8 Disposal of subsidiaries

In January 2020 the Group sold 26% minus 1 (one) share of Transtelecom JSC to the third party. As a result, the Group lost control over the subsidiary and recognised disposal of non-controlling interest in Transtelecom JSC of 14,040 million tenge in consolidated statement of changes in equity (*Note 6*).

16.9 Change in ownership interests of subsidiaries – sale of interest that does not result in the loss of control

NAC KAP

As part of the Comprehensive Privatization Plan for 2016-2020, during the nine months ended September 30, 2020 the Fund additionally placed 6.28% shares of NAC KAP on international stock exchanges of Nur-Sultan (AIX) and London (LSE).

As a result of share issue, the Group recognized proceeds of 85,165 million tenge, net of transaction costs of 595 million tenge, non-controlling interest increased by 59,492 million tenge, and the difference of 25,078 million tenge was recognized as an increase in retained earnings. Total amount of cash received equaled 83,944 million tenge as at date of payment.

16.10 Currency translation reserve

The currency translation reserve is used to record exchange differences arising from the translation of financial statements of the subsidiaries, whose functional currency is not tenge and whose financial statements are included in the consolidated financial statements. During the nine months ended September 30, 2020 foreign translation difference amounted to 1,099,963 million tenge.

Certain borrowings of the Group denominated in US dollars were designated as hedge instrument for the net investment in the foreign operations. As at September 30, 2020 unrealized foreign currency loss of 482,293 million tenge resulting from translation of these borrowings were transferred to currency translation reserve recognized in other comprehensive income.

16.11 Book value per share

In accordance with the decision of the Exchange Board of Kazakhstan Stock Exchange JSC (“KASE”) dated October 4, 2010 financial statements shall disclose book value per share (common and preferred) as of the reporting date, calculated in accordance with the KASE rules.

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited) (restated)
Total assets	27,752,960	26,411,964
Less: intangible assets	(2,043,360)	(2,003,998)
Less: total liabilities	(12,502,046)	(12,074,652)
Net assets for common shares	13,207,554	12,333,314
Number of common shares	3,481,958,657	3,481,957,769
Book value per common share, tenge	3,793	3,542

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

16. EQUITY (continued)

16.11 Book value per share (continued)

Earnings per share

<i>In tenge</i>	For the nine months ended September 30, 2020 (unaudited)	For the nine months ended September 30, 2019 (unaudited) (restated)
Weighted average number of common shares for basic and diluted earnings per share	3,481,958,248	3,481,945,830
Basic and diluted share in net profit for the period per share	145.28	315.52
Basic and diluted share in net profit from continuing operations per share	145.28	315.52

17. BORROWINGS

Borrowings, including interest payable, comprised the following:

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited)
Fixed interest rate borrowings	6,166,382	5,519,465
Floating interest rate borrowings	1,424,453	1,321,928
	7,590,835	6,841,393
Less: amounts due for settlement within 12 months	(864,537)	(737,950)
Amounts due for settlement after 12 months	6,726,298	6,103,443

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited)
US dollar-denominated borrowings	5,166,540	4,694,855
Tenge-denominated borrowings	1,927,034	1,758,863
Other currency-denominated borrowings	497,261	387,675
	7,590,835	6,841,393

Under the terms of some loan agreements, respective subsidiaries of the Group are obliged to comply with certain covenants. The Group reviews compliance with all the Group loan covenants at each reporting date. Failure to comply with financial covenants gives the lenders the right to demand early repayment of loans. As of September 30, 2020 and December 31, 2019, the Group complied with all financial and non-financial covenants.

Changes in borrowings are as follows:

<i>In millions of tenge</i>	
Balance as at January 1, 2020 (audited)	6,841,393
Additions	971,992
Foreign currency translation	599,541
Interest accrued	330,893
Purchase of property plant and equipment financed by borrowings	24,431
Interest capitalized (Note 7)	18,183
Amortization of discount	13,845
Discount	(21,361)
Interest paid	(304,138)
Repayment of principal	(884,943)
Other	999
Balance as at September 30, 2020 (unaudited)	7,590,835

* Cash proceeds and repayments of certain borrowings obtained by the Fund's Corporate Center are included within cash flows from operating activities because these borrowings are part of the Fund's main activity of assets management.

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

17. BORROWINGS (continued)

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

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited)
NC KMG and its subsidiaries	4,210,353	3,777,706
NC KTZh and its subsidiaries	1,466,130	1,362,486
The Fund	575,987	536,088
UCC and its subsidiaries	438,673	277,685
Kazakhtelecom and its subsidiaries	291,501	263,782
Samruk-Energy and its subsidiaries	203,141	205,063
KEGOC and its subsidiaries	160,368	150,326
EGRES-2	99,455	94,088
NAC KAP and its subsidiaries	91,832	159,964
Air Astana	47,828	6,437
Other subsidiaries of the Fund	5,567	7,768
Total borrowings	7,590,835	6,841,393

18. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

Loans from the Government of the Republic of Kazakhstan comprised the following:

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited)
Bonds acquired by the National Bank of the Republic of Kazakhstan using the assets of the National Fund	569,698	578,001
Loans from the Government of the Republic of Kazakhstan	51,296	49,559
	620,994	627,560
Less: amounts due for settlement within 12 months	(21,313)	(5,238)
Amounts due for settlement after 12 months	599,681	622,322

Bonds, purchased by the National Bank of the Republic of Kazakhstan

In accordance with the Rules on proceeds to the National Fund of the Republic of Kazakhstan from transfer of assets of national managing holdings, national holdings, national companies and their subsidiaries, affiliates and other legal entities affiliated with them to the competitive environment approved by the Resolution of the Government of the Republic of Kazakhstan No. 323 dated September 4, 2018, funds received from sale of national assets can be used for redemption of Fund's liabilities due to the National Fund.

In this regard, during the nine months ended September 30, 2020, in accordance with the adopted corporate decisions of the Fund, a partial early repayment of bonds at par value in the amount of 50,182 million tenge was carried out within the eleventh issue of the Fund's bonds purchased by the National Bank of the Republic of Kazakhstan. In this regard, the Fund recognized depreciation of the discount on loans from the Government in the amount of 18,743 million tenge in a consolidated statement of changes in equity (Note 16).

19. OBLIGATIONS UNDER OIL SUPPLY AGREEMENTS

During 2016, the KMG Kashagan B.V. entered into a long-term crude oil supply agreement. In accordance with the terms of the agreement, during the period from 2018 till 2025, KMG Kashagan B.V. will supply the minimum volume of oil of 16.6 million tons from the Kashagan field.

The Agreement stipulates price determination on the basis of current market quotations and prepayment is reimbursed by means of physical supply of crude oil.

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

19. OBLIGATIONS UNDER OIL SUPPLY AGREEMENTS (continued)

For the nine months ended September 30, 2020 KMG Kashagan B.V. has partially settled the prepayments by oil supply in the total amount of 513 million US dollars (equivalent to 209,908 million tenge).

As at September 30, 2020, the current portion of the advance payment under the crude oil supply agreement amounted to 116,759 million tenge (December 31, 2019: 158,162 million tenge) in accordance with the schedule. The non-current portion of the advance payment under the crude oil supply agreement was 255,653 million tenge (December 31, 2019: 357,902 million tenge).

The total amount of accrued remuneration of the Group under oil supply agreements for the nine months ended September 30, 2020 was 11,348 million tenge (for the nine months ended September 30, 2019: 45,231 million tenge) (Note 27). Payment of remuneration shall be made in kind with crude oil.

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

Prepayment on oil supply agreement is recognized as contract liability to customers in accordance with IFRS 15.

20. LEASE LIABILITIES

Future minimum lease payments under leases together with the present value of the net minimum lease payments comprised the following:

	Minimum lease payments		Present value of minimum lease payments	
	September 30, 2020 (unaudited)	December 31, 2019 (audited) (restated)	September 30, 2020 (unaudited)	December 31, 2019 (audited) (restated)
<i>In millions of tenge</i>				
Within one year	133,492	101,928	116,232	84,282
Two to five years inclusive	346,477	296,409	289,725	238,632
After five years	129,024	146,158	92,263	103,942
	608,993	544,495	498,220	426,856
Less: amounts representing finance costs	(110,773)	(117,639)	–	–
Present value of minimum lease payments	498,220	426,856	498,220	426,856
Less: amounts due for settlement within 12 months			(116,232)	(84,282)
Amounts due for settlement after 12 months			381,988	342,574

As at September 30, 2020 interest calculation was based on effective interest rates ranging from 4.7% to 14.5% (December 31, 2019: from 4.7% to 14.00%).

Changes in lease liabilities are as follows:

<i>In millions of tenge</i>	
January 1, 2020 (audited) (restated)	426,856
Additions of leases	98,918
Foreign currency translation	44,874
Interest accrued	25,182
Interest paid	(19,167)
Repayment of principal	(65,645)
Business combination (Note 5)	1,037
Other	(13,835)
September 30, 2020 (unaudited)	498,220

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

21. TRADE AND OTHER PAYABLES, AND OTHER CURRENT LIABILITIES

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited) (restated)
Trade accounts payable	766,579	909,461
Accounts payable for the supply of property, plant and equipment	73,839	112,150
Other accounts payable	22,113	23,671
	862,531	1,045,282

Trade accounts payable were expressed in the following currencies:

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited) (restated)
Tenge-denominated trade accounts payable	478,466	507,172
US dollar-denominated trade accounts payable	220,804	326,279
Other currency-denominated trade accounts payable	67,309	76,010
	766,579	909,461

Other current liabilities comprised the following:

<i>In millions of tenge</i>	September 30, 2020 (unaudited)	December 31, 2019 (audited) (restated)
Contract liabilities to customers	174,453	299,467
Other taxes payable	164,310	137,789
Due to employees	116,209	118,657
Amounts due to customers	44,048	34,768
Other estimated liabilities	20,848	19,975
Pension and social contributions liabilities	13,224	15,805
Advances received and deferred income	12,687	11,802
Dividends payable	6,617	6,727
Obligations under guarantee agreements	6,508	7,355
Obligations to the Shareholder on the financing of social projects	6,262	12,100
Government grant liability	4,890	–
Other non-financial liabilities	43,904	33,969
Other financial liabilities	25,723	43,312
	639,683	741,726

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

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

22. REVENUE

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<i>In millions of tenge</i>				
Sales of oil refined products	510,466	688,529	1,331,654	1,960,493
Sales of crude oil	465,387	916,332	1,445,174	2,647,508
Railway cargo transportation	284,685	265,119	787,111	713,523
Sales of uranium products	197,897	79,303	340,542	237,163
Sales of refined gold	192,186	137,015	453,564	302,154
Sales of gas products	155,896	188,023	598,726	632,886
Telecommunication services	133,411	122,735	378,346	307,518
Electricity transmission services	71,716	53,144	211,525	161,825
Oil and gas transportation fee	68,320	110,750	215,861	270,503
Electricity complex	57,732	62,986	180,068	175,245
Oil processing fees	48,323	47,877	140,324	143,913
Air transportation	36,248	103,484	114,264	246,708
Interest revenue	12,321	11,724	36,545	35,655
Postal services	11,710	11,009	31,035	32,612
Railway passenger transportation	8,206	24,063	29,881	64,806
Other revenue	88,033	92,386	253,264	270,609
Less: quality bank for crude oil	(758)	(4,309)	(2,408)	(12,653)
Less: indirect taxes and commercial discounts	(163,747)	(169,613)	(382,731)	(435,697)
	2,178,032	2,740,557	6,162,745	7,754,771

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<i>In millions of tenge</i>				
Geographical markets				
Kazakhstan	1,022,830	990,962	2,918,314	2,698,127
Other countries	1,155,202	1,749,595	3,244,431	5,056,644
	2,178,032	2,740,557	6,162,745	7,754,771

23. COST OF SALES

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited) (restated)	2020 (unaudited)	2019 (unaudited) (restated)
<i>In millions of tenge</i>				
Materials and supplies	780,730	1,160,953	2,253,495	3,361,281
Depreciation, depletion and amortization	232,879	215,393	694,450	607,353
Personnel costs, including social tax and contributions	220,149	214,305	645,358	623,606
Fuel and energy	84,508	98,207	258,936	284,456
Repair and maintenance	55,449	58,983	169,275	161,962
Production services received	53,952	80,586	168,064	233,264
Taxes other than social taxes and withdrawals	26,943	27,632	76,255	69,547
Mineral extraction tax	23,442	32,432	67,844	100,482
Interest expense	21,262	24,937	55,190	67,772
Transportation expenses	19,966	11,299	41,534	33,374
Rent	6,872	15,518	40,534	60,278
Other	69,351	96,559	221,687	237,947
	1,595,503	2,036,804	4,692,622	5,841,322

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

24. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<i>In millions of tenge</i>				
Personnel costs, including social tax and contributions	46,852	47,362	141,722	142,239
Depreciation and amortization	8,545	9,849	26,316	28,883
Taxes other than social taxes and withdrawals	5,610	5,562	23,949	18,907
Consulting services	5,256	8,996	20,111	22,802
Sponsorship and charitable donations	4,825	2,194	7,084	7,520
Allowance for expected credit losses for trade receivable and other assets	3,004	3,132	4,274	14,808
Repair and maintenance	1,712	1,189	4,687	3,364
Other services by third parties	1,298	1,583	3,824	3,925
Rent	1,056	1,201	3,800	3,952
Utilities expenses and maintenance of buildings	682	981	2,571	2,994
Bank services	513	483	1,380	1,563
Transportation services	487	1,037	1,698	2,662
Fines and penalties	400	603	1,294	3,404
Business trips	326	2,209	1,894	5,984
Professional education and advanced trainings	268	743	847	1,825
Other	14,155	13,278	42,882	41,619
	94,989	100,402	288,333	306,451

25. TRANSPORTATION AND SELLING EXPENSES

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited) (restated)	2020 (unaudited)	2019 (unaudited) (restated)
<i>In millions of tenge</i>				
Transportation	107,739	99,216	338,689	310,044
Custom duties	12,525	35,392	54,147	102,344
Rent tax	11,060	34,622	30,534	103,591
Personnel costs, including social tax and contributions	4,265	3,564	12,039	13,497
Depreciation and amortization	3,948	3,389	11,679	10,347
Commission fees to agents and advertising	2,903	5,505	10,058	11,959
Rent expenses	1,582	2,503	3,995	3,947
Other	7,262	5,227	20,138	22,537
	151,284	189,418	481,279	578,266

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

26. IMPAIRMENT LOSS

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<i>In millions of tenge</i>				
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets	2,106	124,492	237,375	164,871
Impairment of assets held for sale	443	2,964	310	8,490
impairment of VAT receivable	296	952	888	13,478
Expected credit losses on other financial assets	19	2,665	738	11,306
(Reversal of impairment) / impairment of investments in joint ventures and associates (Note 9)	(984)	(1,843)	49,641	(3,063)
(Reversal)/accrual of expected credit losses on amounts in credit institutions	(351)	(348)	(844)	3,306
Reversal of expected credit losses on loans issued	(309)	(2,299)	(867)	(8,210)
Other	677	4,278	(1,794)	9,534
	1,897	130,861	285,447	199,712

Impairment losses on property, plant and equipment, exploration and evaluation assets and intangible assets were recognised for the following CGUs:

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<i>In millions of tenge</i>				
KMGI CGU	–	93,587	159,009	93,587
Embamunaigas (EMG)	–	–	60,440	–
Drilling jackup rig “Satti” (Satti rig)	–	24,505	–	24,505
Batumi Oil Terminal (BNT) CGU	–	6,478	–	12,583
Others	2,106	(78)	17,926	34,196
	2,106	124,492	237,375	164,871

KMGI CGU

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

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

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

For the purposes of impairment test, the Group updated projected cash flows to reflect the decrease in forecasted refining margins and change in post-tax discount rate. As at June 30, 2020 based on the results of the test performed, the Group recognized impairment loss of property, plant and equipment and intangible assets of 152,244 million tenge and 6,765 million tenge (Note 2), respectively, attributable to KMGI CGU.

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

Sensitivity to changes in assumptions

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

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

26. IMPAIRMENT LOSS (continued)

EMG

In the first quarter of 2020, EMG, the Group subsidiary, carried out an assessment of the recoverable amount of property, plant and equipment and exploration and evaluation assets due to the presence of impairment indicators such as decline in the forecasted oil prices. The Group calculated recoverable amount using a discounted cash flow model for value in use valuation method. The discount rate applied to cash flow projections was equal to 13.99%. The 5-year business plan was used as a primary source of information, and contained forecasts for crude oil production, sales volumes, revenues, costs and capital expenditure.

The result of this assessment indicated that the carrying value of assets exceeded their estimated recoverable amount by 60,440 million tenge (*Note 2*), particularly, 44,098 million tenge of property, plant and equipment and 16,342 million tenge of exploration and evaluation assets were impaired in the interim consolidated statement of comprehensive income.

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

27. FINANCE COSTS

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited) (restated)	2020 (unaudited)	2019 (unaudited) (restated)
<i>In millions of tenge</i>				
Interest on loans and debt securities issued	115,866	97,649	326,915	281,073
Interest on lease liabilities	7,893	7,470	25,201	19,823
Amortization of discount on provisions and other payables	4,942	5,027	15,160	14,750
Interest under oil supply agreement (<i>Note 19</i>)	2,697	11,774	11,348	45,231
Financial guarantees	1,158	3,857	12,853	15,019
Gains from recognition of a discount on financial assets	39	369	884	2,396
Finance costs for the early redemption of bonds	–	846	24,221	3,162
Other	11,833	23,700	37,175	41,831
	144,428	150,692	453,757	423,285

In June 2020, the Group made an early partial redemption of 217,022 thousand US dollars (equivalent to 86,503 million tenge as at the date of payment) of Eurobonds with a total nominal value of 1,100,000 thousand US dollars. Total payments amounted to 284,073 thousand US dollars (equivalent to 113,229 million tenge as at payment date), including accrued interest of 6,285 thousand US dollars (equivalent to 2,505 million tenge as at payment date) and a bonds early extinguishment premium of 60,766 thousand US dollars (equivalent to 24,221 million tenge as at payment date). The Group recognised the premium for early repayment in financial costs.

In addition, the Group recognized a write-off of unamortized part of the premium in the amount of 5,104 million tenge and transaction costs in the amount of 114 million tenge in terms of early redemption of Eurobonds, as part of other financial income and other financial expenses, respectively.

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

28. FINANCE INCOME

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<i>In millions of tenge</i>				
Income from loans and financial assets	13,994	9,300	33,221	28,072
Interest income on amounts due from credit institutions and cash and cash equivalents	12,130	19,310	45,170	58,230
Income from financial guarantees	1,790	12,153	6,359	28,244
Unwinding of discount on long-term receivables	487	335	1,634	3,762
Discount on liabilities at rates below market	383	148	11,915	148
Income from subsidized interest rates on financial liabilities	358	–	15,106	–
Other	6,450	1,636	18,510	8,400
	35,592	42,882	131,915	126,856

In May 2020, the Group entered into an agreement with the Transport Committee of the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan to subsidise a part of coupon interest of 307,194 million tenge on bonds issued in 2019 at 11.5% per annum and used for the early redemption of 2017 Eurobonds of 780,000 thousand US dollars. The agreement states that the subsidy amount should be stipulated according to national budget programme No. 010 Subsidisation of Coupon Interest on Carrier Bonds issued to Develop a Major Railway Network and Railway Rolling Stock (the “Programme”).

During the nine months ended September 30, 2020, the Group recognised income from subsidized interest rate under the Programme of 14,592 million tenge in finance income.

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

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited) (restated)	2020 (unaudited)	2019 (unaudited) (restated)
<i>In millions of tenge</i>				
Asian Gas Pipeline LLP	38,858	42,937	115,424	110,455
Tengizchevroil LLP	38,724	88,762	108,238	312,380
Kazzinc LLP	32,548	16,672	47,909	43,102
Caspian Pipeline Consortium	14,149	19,536	54,813	52,932
JV KATCO LLP	8,075	2,183	20,406	8,450
Mangistau Investments B.V.	7,439	18,837	12,194	65,079
Beineu-Shymkent Pipeline LLP	4,622	4,648	28,761	38,488
JV Kazgermunai LLP	1,757	2,520	10,712	14,383
Forum Muider B. V.	(117)	3,437	7,320	9,792
PetroKazakhstan Inc.	(1,014)	(888)	6,333	2,060
Ural Group Limited BVI	(2,412)	(1,846)	(7,364)	(5,511)
AstanaGas KMG JSC	(3,866)	(203)	(11,074)	(347)
Valsera Holdings B.V.	(6,654)	(7,851)	(10,674)	(11,239)
Other	7,600	18,003	32,964	63,113
	139,709	206,747	415,962	703,137

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

30. INCOME TAX EXPENSES

	For the three months ended September 30		For the nine months ended September 30	
	2020 (unaudited)	2019 (unaudited) (restated)	2020 (unaudited)	2019 (unaudited) (restated)
<i>In millions of tenge</i>				
Current income tax expenses				
Corporate income tax (“CIT”)	53,960	64,460	143,715	171,396
Withholding tax on dividends and interest income	4,801	4,638	13,850	14,343
Excess profit tax	688	(436)	480	6,906
Deferred income tax expense/(benefit)				
Corporate income tax (“CIT”)	3,960	(65)	(22,559)	37,127
Withholding tax on dividends and interest income	6,536	13,314	16,236	46,857
Excess profit tax	(9)	(1,946)	3,438	(1,843)
Income tax expenses	69,936	79,965	155,160	274,786

31. CONSOLIDATION

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

		Ownership percentage	
		September 30, 2020 (unaudited)	December 31, 2019 (audited)
1	National Company “KazMunayGas” JSC (“NC KMG”) and subsidiaries	90.42%	90.42%
2	KMG Kashagan B.V.	95.00%	95.00%
3	National Company “Kazakhstan Temir Zholy” JSC (“NC KTZh”) and subsidiaries	100.00%	100.00%
4	National Atomic Company “Kazatomprom” JSC (“NAC KAP”) and subsidiaries	75.00%	81.28%
5	Samruk-Energy JSC (“Samruk-Energy”) and subsidiaries	100.00%	100.00%
6	Kazakhstan Electricity Grid Operating Company JSC (“KEGOC”) and subsidiaries	90.00%	90.00%
		+ 1	+ 1
7	Kazpost JSC and subsidiaries	100.00%	100.00%
8	Kazakhtelecom JSC (“KTC”) and subsidiaries	52.03%	52.03%
9	Air Astana JSC (“Air Astana”) and subsidiaries	51.00%	51.00%
10	Samruk-Kazyna Construction JSC and subsidiaries	100.00%	100.00%
11	National Mining Company “Tau-Ken Samruk” JSC and subsidiaries	100.00%	100.00%
12	United Chemical Company LLP (“UCC”) and subsidiaries	100.00%	100.00%
13	Samruk-Kazyna Invest LLP and subsidiaries	100.00%	100.00%
14	Samruk-Kazyna Contract LLP	100.00%	100.00%
15	KOREM JSC	100.00%	100.00%
16	SK Business Service LLP and subsidiaries	100.00%	100.00%
17	Qazaq Air JSC	100.00%	100.00%
18	Kazakhstan nuclear electric plants LLP	100.00%	100.00%
19	Stantsiya Ekibastuzskaya GRES-2 JSC (“EGRES-2”)	100.00%	100.00%

32. RELATED PARTY DISCLOSURES

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

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

32. RELATED PARTY DISCLOSURES (continued)

Related parties include key management personnel of the Group, enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the Group’s key management personnel and other entities controlled by the Government. Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

The following table provides the total amount of transactions, which have been entered into with related parties during the nine months ended September 30, 2020 and 2019 and the related balances as at September 30, 2020, and December 31, 2019, respectively:

<i>In millions of tenge</i>		Associates	Joint ventures where the Group is a venturer	Other state- controlled entities
	September 30, 2020	4,414	36,229	23,900
Due from related parties	December 31, 2019	4,225	40,165	25,921
	September 30, 2020	46,665	273,449	9,950
Due to related parties	December 31, 2019	34,212	186,746	14,946
	September 30, 2020	90,207	216,210	522,340
Sale of goods and services	September 30, 2019	86,226	277,905	352,341
	September 30, 2020	141,174	826,473	16,596
Purchase of goods and services	September 30, 2019	134,458	1,121,436	11,157
	September 30, 2020	8,822	31,984	4,520
Other income/(loss)	September 30, 2019	(1,821)	3,010	3,508
	September 30, 2020	–	184	271,948
Cash and cash equivalents, and amounts due from credit institutions	December 31, 2019	–	248	308,250
	September 30, 2020	19,550	398,909	5,592
Loans issued	December 31, 2019	66,394	365,017	5,184
	September 30, 2020	14,106	4	1,186,562
Borrowings	December 31, 2019	17,460	5	1,114,707
	September 30, 2020	14,671	26,922	149,167
Other assets	December 31, 2019	13,171	116,244	120,270
	September 30, 2020	64,373	50,731	44,365
Other liabilities	December 31, 2019	15,132	61,270	31,483
	September 30, 2020	4,600	23,319	19,990
Interest accrued due from related parties	September 30, 2019	7,712	21,867	7,704
	September 30, 2020	7,382	349	76,549
Interest accrued due to related parties	September 30, 2019	–	5,935	72,022

As at September 30, 2020 some of the Group’s borrowings in the amount of 52,185 million tenge were guaranteed by the Government of the Republic of Kazakhstan (as at December 31, 2019: 51,062 million tenge).

For the nine months ended September 30, 2020 the total compensation to key management personnel included in personnel costs in the accompanying interim consolidated statement of comprehensive income was equal to 4,398 million tenge (for the nine months ended September 30, 2019: 4,804 million tenge). Compensation to key management personnel consists primarily of contractual salary and performance bonus based on operating results.

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

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amount of the financial instruments of the Group as at September 30, 2020 and December 31, 2019 is a reasonable estimate of their fair value for the following financial instruments:

<i>In millions of tenge</i>	Level 1	Level 2	Level 3	September 30, 2020 (unaudited)
Financial instruments category				
Assets				
Loans issued at fair value through profit and loss	–	–	219,904	219,904
Financial assets measured at fair value through OCI	52,223	7,373	62	59,658
Financial assets at fair value through profit and loss	21,977	8,502	41,208	71,687
Derivative financial assets	–	451	1,453	1,904

<i>In millions of tenge</i>	Level 1	Level 2	Level 3	December 31, 2019 (audited)
Financial instruments category				
Assets				
Loans issued at fair value through profit and loss	–	–	214,396	214,396
Financial assets measured at fair value through OCI	42,577	10,344	63	52,984
Financial assets at fair value through profit and loss	3,900	17,125	25,084	46,109
Derivative financial assets	–	952	543	1,495

As at September 30, 2020 and December 31, 2019 the carrying amount of the Group’s financial instruments approximates their fair value except for the following financial instruments:

		September 30, 2020 (unaudited)			
		Fair value by level of assessment			
<i>In millions of tenge</i>	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
Financial assets					
Loans issued at amortized cost and finance lease receivables	284,498	300,199	–	18,514	281,685
Amounts due from credit institutions	629,934	638,876	473,279	165,583	14
Financial liabilities					
Borrowings	7,590,835	8,185,759	5,276,867	2,130,739	778,153
Loans from the Government of the Republic of Kazakhstan	620,994	402,406	–	402,406	–
Financial guarantees	57,341	61,747	–	38,800	22,947

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

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

<i>In millions of tenge</i>	December 31, 2019 (audited)				
	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
Financial assets					
Loans issued at amortized cost and finance lease receivables	306,433	314,192	–	26,674	287,518
Amounts due from credit institutions	763,766	776,646	474,248	302,381	17
Financial liabilities					
Borrowings	6,841,393	7,324,768	4,943,524	1,948,352	432,892
Loans from the Government of the Republic of Kazakhstan	627,560	548,717	–	548,717	–
Financial guarantees	48,957	46,414	–	25,992	20,422

The fair value of the above financial instruments has been calculated by discounting the expected future cash flows at prevailing interest rates.

34. COMMITMENTS AND CONTINGENCIES

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

Cost recovery audits

As at September 30, 2020 the Group's share in the total disputed amounts of costs is 886,865 million tenge (December 31, 2019: 782,206 million tenge). The Group and its partners under the production sharing agreements are in negotiation with the Government of the Republic of Kazakhstan with respect to the recoverability of these costs.

Kazakhstan local market obligation

During nine months ended September 30, 2020, in accordance with its obligations, the Group, including joint ventures, delivered 4,641 thousand tons of crude oil (nine months ended September 30, 2019: 4,574 thousand tons) to the Kazakhstan market.

Oil supply commitments

As at September 30, 2020 the Group had commitments under the oil supply agreement in the amount of 15.91 million ton to be delivered till March 2021 (December 31, 2019: 19.15 million ton).

Capital commitments

As at September 30, 2020 the Group, including its joint ventures and associates, had capital commitments of approximately 2,994,446 million tenge related to acquisition and construction of property, plant and equipment (December 31, 2019: 2,979,596 million tenge).

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

34. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings

The proceedings initiated against Mr. Stati and his related parties related to the arrest of shares KMG Kashagan B.V. belonging to the Fund

On September 14, 2017 the pre-judgement attachment in respect of the Fund’s rights on management of 50% KMG Kashagan B.V. shares worth 5.2 billion US dollars was imposed with regard to the decision of the Amsterdam Court (the “Pre-judgement Attachment”).

The named Pre-judgement Attachment was imposed as part of the claim for recognition and enforcement of the arbitral award on the matter of Anatolie Stati, Gabriel Stati, Ascom Group SA and Terra Raf Trans Trading Ltd. against the Republic of Kazakhstan issued in 2013 by the Arbitration Tribunal at the Arbitration Institute of the Stockholm Chamber of Commerce.

On July 14, 2020, the Amsterdam Appeal Court has decided to recognize the arbitrary award rendered in 2013 against the Republic of Kazakhstan on the territory of the Netherlands, though the court has rejected claim of Mr. Stati to enforce the arbitrary award in relation to the Fund.

Currently, the Fund makes all necessary arrangements to protect its interest in accordance with the established procedure and will continue to defend its rights.

Resolution of civil litigation at KMGI

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

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

- 1) The Romanian Privatization Agency on the improper fulfillment of the post-privatization requirements for the obligations of Petromidia Refinery and Vega Refinery in 2013-2014 for 30 million US dollars;
- 2) Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, who challenged decisions of KMGI as a shareholder of Rompetrol Rafinare S.A. for 55 million US dollars;
- 3) Mr. Stephenson George Philip, the former director of KMGI, in criminal and civil cases.

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

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

However, Faber has resumed one of the previous filings in accordance with which the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital in 2003-2005 was challenged. The hearings were held on November 10, 2020, however, no final decision was made. The next hearings were scheduled to January 19, 2021.

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

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

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

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

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

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

35. SEGMENT REPORTING

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

<i>In millions of tenge</i>	Oil and gas	Mining	Trans- portation	Communi- cations	Energy	Industrial	Corporate center	Other	Elimi- nation	Total
Revenues from sales to external customers	3,537,983	812,015	955,053	409,119	394,097	8,144	29,449	16,885	–	6,162,745
Revenues from sales to other segments	20,141	152	2,848	3,427	87,842	6,121	240,768	7,945	(369,244)	–
Total revenue	3,558,124	812,167	957,901	412,546	481,939	14,265	270,217	24,830	(369,244)	6,162,745
Gross profit	853,201	189,255	210,744	142,465	123,014	1,630	211,377	12,026	(250,778)	1,492,934
General and administrative expenses	(127,276)	(21,934)	(71,943)	(32,545)	(17,929)	(3,434)	(16,795)	(2,727)	6,250	(288,333)
Transportation and selling expenses	(459,481)	(10,464)	(3,707)	(8,302)	(8,112)	(804)	–	–	9,591	(481,279)
Finance income	87,017	6,740	28,111	5,663	6,525	468	20,924	10,156	(33,689)	131,915
Finance costs	(221,047)	(14,466)	(149,580)	(39,950)	(44,440)	(4,448)	(26,835)	(10,209)	57,218	(453,757)
Share in profit/(loss) of joint ventures and associates, net	332,560	78,869	7,293	–	7,372	(100)	(10,032)	–	–	415,962
Foreign exchange gain/(loss), net	19,438	13,438	(59,001)	9,923	(5,176)	(36,382)	190,317	1,878	(380)	134,055
Income tax expenses	(62,284)	(47,210)	(3,511)	(18,434)	(15,664)	(83)	(2,874)	(3,391)	(1,709)	(155,160)
Total net profit/(loss) for the period	129,180	212,570	(60,886)	60,517	43,445	(45,124)	372,472	7,879	(214,195)	505,858
Other segment information										
Total assets of the segment	17,168,479	2,382,153	3,790,497	1,231,113	1,563,956	714,769	7,825,789	324,637	(7,248,433)	27,752,960
Total liabilities of the segment	6,721,984	415,779	2,691,190	679,706	759,939	533,738	1,664,102	189,596	(1,153,988)	12,502,046
Investments in joint ventures and associates	4,173,857	651,297	16,306	–	74,747	8,125	42,672	–	(32,341)	4,934,663

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

35. SEGMENT REPORTING (continued)

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

<i>In millions of tenge</i>	Oil and gas	Mining	Trans- portation	Communi- cations	Energy	Industrial	Corporate center	Other	Elimi- nation	Total
Revenues from sales to external customers	5,397,390	603,045	1,065,901	331,176	308,679	5,550	29,110	13,920	–	7,754,771
Revenues from sales to other segments	42,702	11,369	3,706	3,286	53,993	2,171	210,004	6,096	(333,327)	–
Total revenue	5,440,092	614,414	1,069,607	334,462	362,672	7,721	239,114	20,016	(333,327)	7,754,771
Gross profit	1,421,633	107,364	239,070	97,049	92,743	1,143	168,311	8,413	(186,893)	1,948,833
General and administrative expenses	(133,839)	(28,350)	(81,959)	(30,643)	(13,670)	(3,605)	(18,206)	(2,860)	6,681	(306,451)
Transportation and selling expenses	(556,775)	(8,046)	(7,510)	(5,995)	(5,551)	(552)	–	–	6,163	(578,266)
Finance income	96,779	4,523	8,466	5,382	4,959	453	35,169	4,581	(33,456)	126,856
Finance costs	(278,260)	(11,178)	(91,009)	(30,417)	(30,942)	(3,566)	(18,010)	(4,181)	44,278	(423,285)
Share in profit/(loss) of joint ventures and associates, net	623,685	62,989	4,991	5,831	9,869	(48)	(4,198)	18	–	703,137
Foreign exchange (loss)/gain, net	(24,913)	(272)	(16,303)	(391)	248	(5,229)	37,273	578	(49)	(9,058)
Income tax expenses	(199,104)	(17,639)	(27,253)	(12,152)	(14,782)	(60)	(2,618)	(1,178)	–	(274,786)
Total net profit/(loss) for the period	791,607	173,538	(264)	51,108	45,279	(12,788)	211,209	4,773	(165,845)	1,098,617
Other segment information										
Total assets of the segment	16,332,443	2,304,494	3,757,170	1,195,385	1,495,213	574,620	7,579,393	300,603	(7,127,357)	26,411,964
Total liabilities of the segment	6,587,029	460,432	2,562,000	694,089	719,878	379,654	1,563,722	180,027	(1,072,179)	12,074,652
Investments in joint ventures and associates	3,532,589	582,600	33,553	–	70,559	6,428	49,473	10	(32,341)	4,242,871

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

35. SEGMENT REPORTING (continued)

The following tables represents information about profit and loss of operating segments of the Group for the three months ended September 30, 2020 and September 30, 2019:

<i>In millions of tenge</i>	Oil and gas	Mining	Trans- portation	Communi- cations	Energy	Industrial	Corporate center	Other	Elimi- nation	Total
Revenues from sales to external customers	1,151,520	395,896	338,049	145,586	130,131	2,785	10,017	4,048	-	2,178,032
Revenues from sales to other segments	4,347	57	1,092	1,062	31,969	1,385	12,539	2,839	(55,290)	-
Total revenue	1,155,867	395,953	339,141	146,648	162,100	4,170	22,556	6,887	(55,290)	2,178,032
Gross profit	306,553	118,052	92,241	56,080	32,102	240	(56)	3,829	(14,745)	594,296
General and administrative expenses	(39,402)	(9,116)	(23,423)	(10,867)	(4,769)	(987)	(7,697)	(945)	2,217	(94,989)
Transportation and selling expenses	(142,199)	(5,476)	(1,024)	(2,656)	(2,291)	(261)	-	-	2,623	(151,284)
Finance income	23,187	1,781	3,756	2,141	2,480	163	7,060	5,034	(10,010)	35,592
Finance costs	(72,030)	(6,854)	(41,144)	(13,712)	(16,323)	(1,464)	(8,681)	(4,373)	20,153	(144,428)
Share in profit/(loss) of joint ventures and associates, net	96,871	44,891	1,789	-	(95)	(29)	(3,718)	-	-	139,709
Foreign exchange gain/(loss), net	1,452	7,069	(36,431)	7,767	(3,487)	(21,409)	106,594	621	(510)	61,666
Income tax expenses	(30,736)	(23,981)	(2,634)	(6,442)	(3,079)	(31)	(1,128)	(1,179)	(726)	(69,936)
Total net profit/(loss) for the period	118,480	125,866	(16,964)	32,539	5,191	(24,290)	93,674	3,608	(1,810)	336,294

<i>In millions of tenge</i>	Oil and gas	Mining	Trans- portation	Communi- cations	Energy	Industrial	Corporate center	Other	Elimi- nation	Total
Revenues from sales to external customers	1,843,105	233,644	407,268	129,711	106,885	1,606	9,824	8,514	-	2,740,557
Revenues from sales to other segments	13,804	3,791	1,368	1,090	21,577	691	9,204	2,151	(53,676)	-
Total revenue	1,856,909	237,435	408,636	130,801	128,462	2,297	19,028	10,665	(53,676)	2,740,557
Gross profit	470,685	59,244	121,386	46,590	30,891	269	(6,982)	2,780	(8,983)	715,880
General and administrative expenses	(42,481)	(9,045)	(26,965)	(10,757)	(4,422)	(1,436)	(6,360)	(1,187)	2,251	(100,402)
Transportation and selling expenses	(179,558)	(3,569)	(2,665)	(3,672)	(3,080)	(199)	-	-	3,325	(189,418)
Finance income	33,107	1,338	6,025	1,072	1,626	152	8,580	1,586	(10,604)	42,882
Finance costs	(95,225)	(4,364)	(33,080)	(13,938)	(10,459)	(1,333)	(6,250)	(1,279)	15,236	(150,692)
Share in profit/(loss) of joint ventures and associates, net	179,764	22,545	2,288	-	2,542	(18)	(383)	9	-	206,747
Foreign exchange (loss)/gain, net	(26,963)	134	(13,143)	382	(375)	(6,716)	57,082	(112)	(23)	10,266
Income tax expenses	(43,560)	(8,809)	(15,914)	(4,923)	(5,229)	(19)	(1,299)	(212)	-	(79,965)
Total net profit/(loss) for the period	162,579	57,409	22,244	15,269	12,563	(9,794)	53,381	1,321	(597)	314,375

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

36. SUBSEQUENT EVENTS

Dividends received from joint ventures

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

Assets classified as held for sale

In October 2020, the Group received from a third party a payment of 500 million tenge for an interest in its associate Continental Logistics LLP, which was classified as an asset held for sale as at September 30, 2020.

In November 2020, the Group completed the sale of a 30% interest in the associate Continental Logistics LLP. As a result, the Group lost significant influence over Continental Logistics LLP.

In October 2020, the Group received from a third party a payment of 9,500 million tenge for an interest in its associate Aktobe Rail and Section Mill Plant LLP, which was classified as an asset held for sale as at September 30, 2020. In November 2020, the deal has been completed. As a result, the Group lost significant influence over Aktobe Rail and Section Mill Plant LLP.

Other contractual liabilities

In November 2020, within the framework of the sale and purchase agreement for the sale of 30% interest in Continental Logistics LLP, the Group terminated the agreement for the provision of cargo handling services and future freight storage services, concluded on August 15, 2016 with the associate Continental Logistics Shymkent LLP and Odyssey Investments Group LLP.

Trust management agreement

In November 2020, the Group entered into a trust management agreement with Transport Technologies LLP for a 30% interest in the authorized capital of Aktobe Rail and Steel Works LLP. The Group assessed the contract for significant influence over Aktobe Rail and Steel Works LLP in accordance with IAS 28 Investments in Associates and Joint Ventures, and concluded that it does not have a significant effect on the activities of Aktobe Rail and Steel Works LLP, therefore, does not recognize it as an associate.