

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended March 31, 2021**

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**1. GENERAL**

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

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

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

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

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

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

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

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

**2. BASIS OF PREPARATION**

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

**Foreign currency translation***Functional and presentation currency*

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

*Transactions and balances*

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

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

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

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

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

*Translation of foreign operations*

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

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

*Exchange rates*

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

The currency exchange rate of KASE as at March 31, 2021 and December 31, 2020 were 424.89 and 420.91 tenge to 1 United States dollar (“US dollar”), respectively. These rates were used to translate monetary assets and liabilities denominated in US dollar as at March 31, 2021 and December 31, 2020. The weighted average rate for three months ended March 31, 2021 was 419.94 tenge to 1 US dollar (for the three months ended March 31, 2020: 391.72 tenge to 1 US dollar). The currency exchange rate of KASE as at May 19, 2021 was 427.54 tenge to 1 US dollar.

**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 this interim consolidated condensed financial statements has been considered. The Group continues to consider it appropriate to adopt the going concern basis of accounting in preparing this interim condensed consolidated financial statements. 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, 2020. At the end of the first quarter ended March 31, 2021, the Group analyzed and determined that all judgments and estimates used and disclosed in the consolidated financial statements for the year ended December 31, 2020 remain applicable. No new significant accounting judgments or estimates have been identified.

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

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

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

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

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

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

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

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

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

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

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

### 4. REVENUE

<i>In millions of tenge</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Type of goods and services</b>		
Sales of crude oil and gas	832,628	801,433
Sales of refined products	416,012	381,280
Oil and gas transportation services	77,965	82,033
Refining of oil and oil products	46,992	50,909
Other revenue	59,854	60,459
	<b>1,433,451</b>	<b>1,376,114</b>
<b>Geographical markets</b>		
Kazakhstan	302,630	304,294
Other countries	1,130,821	1,071,820
	<b>1,433,451</b>	<b>1,376,114</b>

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

<i>In millions of tenge</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Tengizchevroil LLP	89,341	63,951
Asian Gas Pipeline LLP	55,817	(4,282)
Caspian Pipeline Consortium	22,005	20,124
Beineu-Shymkent Pipeline LLP	19,745	(7,767)
Mangistau Investments B.V.	12,054	6,114
KMG Kashagan B.V.	8,486	(101)
Valseira Holdings B.V.	3,915	(11,275)
Kazakhstan – China Pipeline LLP	2,650	(3,313)
PetroKazakhstan Inc.	2,107	2,718
KazRosGas LLP	1,845	(6,441)
Kazakhoil-Aktobe LLP	823	(17)
KazGerMunay LLP	253	6,006
Teniz Service LLP	(644)	415
Ural Group Limited	(1,747)	(2,466)
Other joint ventures and associates	1,076	1,650
	<b>217,726</b>	<b>65,316</b>

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

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

<i>In millions of tenge</i>	For the three months ended March 31,	
	2021 (unaudited)	2020 (unaudited)
Purchased oil for resale	569,004	406,618
Cost of oil for refining	89,051	123,291
Materials and supplies	54,260	48,752
Purchased gas for resale	26,924	146,062
Purchased petroleum products for resale	7,803	16,661
	<b>747,042</b>	<b>741,384</b>

### 7. PRODUCTION EXPENSES

<i>In millions of tenge</i>	For the three months ended March 31,	
	2021 (unaudited)	2020 (unaudited)
Payroll	82,752	72,827
Energy	22,824	21,207
Repair and maintenance	18,831	19,351
Transportation costs	11,417	7,750
Short-term lease expenses	6,883	16,386
Others	21,524	36,875
	<b>164,231</b>	<b>174,396</b>

### 8. TAXES OTHER THAN INCOME TAX

<i>In millions of tenge</i>	For the three months ended March 31,	
	2021 (unaudited)	2020 (unaudited)
Rent tax on crude oil export	26,509	19,597
Export customs duty	20,403	30,963
Mineral extraction tax	20,359	18,524
Other taxes	24,401	25,209
	<b>91,672</b>	<b>94,293</b>

### 9. TRANSPORTATION AND SELLING EXPENSES

<i>In millions of tenge</i>	For the three months ended March 31,	
	2021 (unaudited)	2020 (unaudited)
Transportation	112,377	108,232
Payroll	3,004	2,928
Other	7,288	7,489
	<b>122,669</b>	<b>118,649</b>

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

### 10. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	For the three months ended March 31,	
	2021 (unaudited)	2020 (unaudited)
Payroll	16,203	17,594
Consulting services	3,562	5,697
Maintenance	1,574	1,741
Social payments	1,287	1,044
Communication	1,228	762
VAT that could not be offset	1,037	986
Accrual of expected credit losses for trade receivables	686	616
Short-term lease expenses	560	523
Accrual of expected credit losses for other current assets	110	207
(Reversal)/accrual of impairment of VAT receivable	(1,657)	551
Other	7,019	7,976
	<b>31,609</b>	<b>37,697</b>

For the three months ended March 31, 2021, the total payroll amounted to 101,959 million tenge (for the three months ended March 31, 2020: 93,349 million tenge) and included in production expenses, transportation and selling expenses and general and administrative expenses in the interim consolidated statement of comprehensive income.

### 11. REVERSAL OF IMPAIRMENT / (IMPAIRMENT) OF PROPERTY, PLANT AND EQUIPMENT, EXPLORATION AND EVALUATION ASSETS AND EXPLORATION EXPENSES

<i>In millions of tenge</i>	For the three months ended March 31,	
	2021 (unaudited)	2020 (unaudited)
<b>Impairment expenses</b>		
Property, plant and equipment (Note 14)	(6)	44,751
Exploration and evaluation assets	-	16,388
	<b>(6)</b>	<b>61,139</b>
<b>Exploration expenses</b>		
Brownfields of KMG EP	19,800	-
	<b>19,800</b>	<b>-</b>
	<b>19,794</b>	<b>61,139</b>

(Reversal of impairment)/impairment were recognised for the following cash generating units (CGUs):

<i>In millions of tenge</i>	For the three months ended March 31,	
	2021 (unaudited)	2020 (unaudited)
EMG CGU	-	60,440
Others	(6)	699
	<b>(6)</b>	<b>61,139</b>

#### EMG CGU

As of March 31, 2020, Embamunaigas (EMG), subsidiary of KazMunayGas Exploration Production JSC (KMG EP), carried out an assessment of the recoverable amount of property, plant and equipment and exploration and evaluation assets due to the presence of impairment indicators such as decline in the forecasted oil prices. EMG 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 14.4%. The 5-year business plan was used as a primary source of information, which contains 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, particularly, 44,098 million tenge of property, plant and equipment and 16,342 million tenge of exploration and evaluation assets were impaired in the interim consolidated statement of comprehensive income for the three months ended March 31, 2020.

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

### 11. REVERSAL OF IMPAIRMENT / (IMPAIRMENT) OF PROPERTY, PLANT AND EQUIPMENT, EXPLORATION AND EVALUATION ASSETS AND EXPLORATION EXPENSES (continued)

#### EMG CGU (continued)

For the three months ended March 31, 2021, no indicators of impairment of property, plant and equipment and exploration and evaluation assets were observed.

#### Exploration expenses

As of March 31, 2021, EMG partially reduced the contract area of Taisoigan and wrote off exploration expenses in the amount of 19,800 million tenge.

### 12. FINANCE INCOME / FINANCE COST

#### Finance income

<i>In millions of tenge</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest income on bank deposits, financial assets, loans and bonds	19,401	22,932
Amortization of issued financial guarantees	1,386	1,631
<b>Total interest income</b>	<b>20,787</b>	<b>24,563</b>
Discount on a loan with non-market interest rate (Note 19)	–	11,002
Other	761	1,450
	<b>21,548</b>	<b>37,015</b>

#### Finance costs

<i>In millions of tenge</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest expense on loans and bonds	58,602	58,524
Interest expense on lease liabilities	1,660	865
<b>Total interest expense</b>	<b>60,262</b>	<b>59,389</b>
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions	2,981	3,059
Discount on employee benefits obligations	841	750
Other	3,935	3,876
	<b>68,019</b>	<b>67,074</b>

### 13. INCOME TAX EXPENSE

<i>In millions of tenge</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Current income tax</b>		
Corporate income tax	38,166	22,748
Excess profit tax	–	33
Withholding tax on dividends and interest income	243	3,052
<b>Deferred income tax</b>		
Corporate income tax	1,453	(20,318)
Excess profit tax	(2)	3,465
Withholding tax on dividends	13,401	9,593
<b>Income tax expense</b>	<b>53,261</b>	<b>18,573</b>

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

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improvements	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
<b>Net book value as at December 31, 2019 (audited)</b>	1,049,763	803,717	1,381,661	300,655	457,811	97,637	106,286	286,741	4,484,271
Foreign currency translation	86,206	6,768	71,192	13,355	6,133	5,235	12,073	26,358	227,320
Additions	4,751	1,246	267	5	920	420	541	132,122	140,272
Change in estimate	3,755	3,904	–	–	–	–	–	–	7,659
Disposals	(3,226)	(10,014)	(200)	(155)	(452)	(227)	(380)	(633)	(15,287)
Depreciation charge	(31,261)	(7,520)	(29,027)	(4,363)	(9,179)	(2,844)	(2,650)	–	(86,844)
Accumulated depreciation and impairment on disposals	2,232	973	199	152	433	206	359	599	5,153
Impairment (Note 11)	(43,149)	–	–	(410)	(952)	–	(169)	(71)	(44,751)
Transfers to assets classified as held for sale	–	–	–	–	(73)	(3)	–	–	(76)
Transfers from/(to) inventory, net	15	(11)	437	–	22	(19)	72	310	826
Transfers from/(to) intangible assets	–	–	–	–	–	–	12	(1,070)	(1,058)
Transfers and reclassifications	17,847	6,364	779	9,663	8,798	156	5,646	(49,253)	–
<b>Net book value as at March 31, 2020 (unaudited)</b>	1,086,933	805,427	1,425,308	318,902	463,461	100,561	121,790	395,103	4,717,485
At cost	2,195,193	1,041,492	2,604,261	616,503	875,874	236,981	251,862	446,699	8,268,865
Accumulated depreciation and impairment	(1,108,260)	(236,065)	(1,178,953)	(297,601)	(412,413)	(136,420)	(130,072)	(51,596)	(3,551,380)
<b>Net book value as at March 31, 2020 (unaudited)</b>	1,086,933	805,427	1,425,308	318,902	463,461	100,561	121,790	395,103	4,717,485

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

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improvements	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
<b>Net book value as at December 31, 2020 (audited)</b>	1,083,615	808,757	1,171,110	289,702	453,821	84,661	111,947	366,132	4,369,745
Foreign currency translation	4,852	396	2,427	335	281	203	665	2,422	11,581
Additions	1,072	369	566	2	1,125	190	365	43,216	46,905
Change in estimate	(4,395)	(3,295)	–	(23)	–	–	–	–	(7,713)
Disposals	(5,073)	(3,694)	(35,649)	(390)	(695)	(80)	(941)	–	(46,522)
Depreciation charge	(28,779)	(7,525)	(28,751)	(4,411)	(9,193)	(2,675)	(2,773)	–	(84,107)
Accumulated depreciation and impairment on disposals	3,686	3,691	7,813	377	683	79	891	–	17,220
Reversal of impairment/(impairment) (Note 11)	9	–	–	–	3	–	–	(6)	6
Transfers to assets classified as held for sale	–	–	(23)	(198)	(4)	(177)	(23)	–	(425)
Transfers (to)/from inventory, net	–	(6)	22	–	8	–	33	489	546
Transfers to intangible assets	–	–	–	–	–	–	–	(530)	(530)
Transfers from investment property	–	–	–	583	–	–	7	–	590
Transfers and reclassifications	29,734	2,054	5,165	585	4,972	301	2,626	(45,437)	–
<b>Net book value as at March 31, 2021 (unaudited)</b>	<b>1,084,721</b>	<b>800,747</b>	<b>1,122,680</b>	<b>286,562</b>	<b>451,001</b>	<b>82,502</b>	<b>112,797</b>	<b>366,286</b>	<b>4,307,296</b>
At cost	2,263,228	1,059,581	2,519,088	593,933	886,948	235,782	248,177	421,246	8,227,983
Accumulated depreciation and impairment	(1,178,507)	(258,834)	(1,396,408)	(307,371)	(435,947)	(153,280)	(135,380)	(54,960)	(3,920,687)
<b>Net book value as at March 31, 2021 (unaudited)</b>	<b>1,084,721</b>	<b>800,747</b>	<b>1,122,680</b>	<b>286,562</b>	<b>451,001</b>	<b>82,502</b>	<b>112,797</b>	<b>366,286</b>	<b>4,307,296</b>



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

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

#### Additions

For the three months ended March 31, 2021 additions to capital work in progress are mainly attributable to development drilling at EMG, Ozenmunaigas JSC (OMG), subsidiary of KMG EP, and KMG Karachaganak LLP (Karachaganak) for the total of 29,373 million tenge, construction of gas metering stations and rotational camp at KazTransGas JSC (KTG) for 3,251 million tenge within the framework of the projects “Bukhara gas-bearing region Tashkent-Bishkek-Almaty” and “Gazli-Shymkent”, replacement of “Uzen-Atyray-Samara” pipeline for 1,296 million tenge at KazTransOil JSC (KTO), and overhauls at Atyrau refinery LLP for 3,592 million tenge.

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

For the three months ended March 31, 2021, the Group sold compressor station “Korkyt-ata”, which was reclassified to assets held for sale in 2020, for the consideration of 42,886 million tenge.

#### Other

For the three months ended March 31, 2021, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs in amount of 68 million tenge related to the construction of those property, plant and equipment at the average interest rate of 0.15% (for the year ended December 31, 2020: 2,890 million tenge at the average interest rate of 5.78%) (Note 19).

As at March 31, 2021, the cost of fully depreciated but still in use property, plant and equipment was 345,881 million tenge (as at December 31, 2020: 340,511 million tenge).

As at March 31, 2021, property, plant and equipment with the net book value of 870,919 million tenge (as at December 31, 2020: 910,216 million tenge) were pledged as collateral to secure borrowings and payables of the Group.

Capital commitments are disclosed in Note 23.

### 15. BANK DEPOSITS

<i>In millions of tenge</i>	March 31, 2021 (unaudited)	December 31, 2020 (audited)
Denominated in US dollar	313,568	324,646
Denominated in tenge	13,516	14,863
Less: allowance for expected credit losses	(592)	(509)
	<b>326,492</b>	<b>339,000</b>

As at March 31, 2021, the weighted average interest rate for long-term bank deposits was 1.07% in US dollars and 1.46% in tenge (December 31, 2020: 1.07% in US dollars and 1.58% in tenge).

As at March 31, 2021, the weighted average interest rate for short-term bank deposits was 0.40% in US dollars and 3.62% in tenge (December 31, 2020: 0.40% in US dollars, 3.10% in tenge).

<i>In millions of tenge</i>	March 31, 2021 (unaudited)	December 31, 2020 (audited)
Maturities under 1 year	270,882	282,472
Maturities between 1 and 2 years	785	796
Maturities over 2 years	54,825	55,732
	<b>326,492</b>	<b>339,000</b>

As at March 31, 2021, bank deposits include cash pledged as collateral of 55,610 million tenge (December 31, 2020: 56,528 million tenge), which are represented mainly by 45,014 million tenge at restricted bank accounts designated as a liquidation fund per requirements of the subsoil use contracts (December 31, 2020: 44,497 million tenge).

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

<i>In millions of tenge</i>	Main activity	Place of business	March 31, 2021 (unaudited)		December 31, 2020 (audited)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
<b>Joint ventures</b>						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	2,910,697	20.00%	2,793,887	20.00%
KMG Kashagan B.V.	Oil and gas exploration and production	Kazakhstan	2,286,741	50.00%	2,256,816	50.00%
Asian Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	306,715	50.00%	291,086	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	158,516	50.00%	156,771	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	154,692	50.00%	142,585	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	79,301	50.00%	76,702	50.00%
Ural Group Limited	Oil and gas exploration and production	Kazakhstan	44,273	50.00%	44,585	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	33,419	50.00%	32,840	50.00%
Kazakhoil-Aktobe LLP	Production of crude oil	Kazakhstan	21,709	50.00%	20,886	50.00%
Teniz Services LLP	Design, construction and operation of infrastructure facilities, support of offshore oil operations	Kazakhstan	19,829	48.996%	20,473	48.996%
Valsera Holdings BV	Oil refining	Kazakhstan	6,168	50.00%	2,253	50.00%
Other			46,257		43,498	
<b>Associates</b>						
Caspian Pipeline Consortium	Transportation of liquid hydrocarbons	Kazakhstan/Russia	504,985	20.75%	478,134	20.75%
PetroKazakhstan Inc.	Exploration, production and processing of oil and gas	Kazakhstan	80,871	33.00%	78,636	33.00%
Other			33,699		31,869	
			<b>6,687,872</b>		<b>6,471,021</b>	

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

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

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

As of March 31, 2021, the Group’s share in unrecognized losses of joint ventures and associates was equal to 18,865 million tenge (as of December 31, 2020: 19,038 million tenge).

The following table summarizes the movements in the investments during the three months ended March 31, 2021:

*In millions of tenge*

<b>At January 1 (audited)</b>	6,471,021
Share in profits of joint ventures and associates, net	217,726
Dividends received	(380)
Change in dividends receivable	(58,605)
Other changes in the equity of the joint venture	754
Additional contributions without change in ownership	1,716
Foreign currency translation	55,640
<b>At March 31, 2021 (unaudited)</b>	<b>6,687,872</b>

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

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

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

<i>In millions of tenge</i>	March 31, 2021 (unaudited)	December 31, 2020 (audited)
<b>Trade accounts receivable</b>		
Trade accounts receivable	595,061	455,321
Less: allowance for expected credit losses	(32,219)	(32,500)
	<b>562,842</b>	<b>422,821</b>
<b>Other current financial assets</b>		
Other receivables	238,574	90,904
Dividends receivable	61,518	2,913
Less: allowance for expected credit losses	(37,114)	(36,746)
	<b>262,978</b>	<b>57,071</b>
<b>Other current non-financial assets</b>		
Advances paid and prepaid expenses	65,970	45,497
Taxes receivable, other than VAT	26,612	35,003
Other	8,590	11,867
Less: impairment allowance	(3,489)	(3,546)
	<b>97,683</b>	<b>88,821</b>
<b>Total other current assets</b>	<b>360,661</b>	<b>145,892</b>

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

As at March 31, 2021, trade accounts receivable of 178,815 million tenge are pledged as collateral (December 31, 2020: 155,998 million tenge).

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

### 18. CASH AND CASH EQUIVALENTS

<i>In millions of tenge</i>	March 31, 2021 (unaudited)	December 31, 2020 (audited)
Term deposits with banks – US dollars	478,900	435,119
Term deposits with banks – tenge	221,688	163,820
Term deposits with banks – other currencies	56,412	54,800
Current accounts with banks – US dollars	292,410	397,774
Current accounts with banks – tenge	110,641	75,369
Current accounts with banks – other currencies	11,212	10,370
Cash in transit	2,045	7,508
Cash-on-hand and cheques	981	1,138
Less: allowance for expected credit losses	(33)	(34)
	<b>1,174,256</b>	<b>1,145,864</b>

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

As at March 31, 2021, the weighted average interest rate for term deposits with banks was 0.31% in US dollars, 7.75% in tenge and 0.01% in other currencies (December 31, 2020: 0.37% in US dollars, 7.74% in tenge and 1.44% in other currencies).

As at March 31, 2021 and December 31, 2020, cash and cash equivalents were not pledged as collateral.

### 19. BORROWINGS

<i>In millions of tenge</i>	March 31, 2021 (unaudited)	December 31, 2020 (audited)
Fixed interest rate borrowings	3,432,010	3,394,958
Weighted average interest rates	5.57%	5.50%
Floating interest rate borrowings	670,343	683,490
Weighted average interest rates	4.32%	4.38%
	<b>4,102,353</b>	<b>4,078,448</b>

As at March 31, 2021 and as at December 31, 2020, Borrowings are denominated in the following currencies:

<i>In millions of tenge</i>	March 31, 2021 (unaudited)	December 31, 2020 (audited)
US dollar	3,650,309	3,669,668
Tenge	356,586	318,034
Russian ruble	85,328	85,223
Euro	7,202	2,319
Other currencies	2,928	3,204
	<b>4,102,353</b>	<b>4,078,448</b>

<i>In millions of tenge</i>	March 31, 2021 (unaudited)	December 31, 2020 (audited)
Current portion	407,704	361,556
Non-current portion	3,694,649	3,716,892
	<b>4,102,353</b>	<b>4,078,448</b>

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

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

<i>In millions of tenge</i>	<b>Issuance amount</b>	<b>Redemption date</b>	<b>Interest</b>	<b>March 31, 2021 (unaudited)</b>	<b>December 31, 2020 (audited)</b>
<b>Bonds</b>					
Bonds LSE 2020	750 million USD	2033	3.50%	<b>323,276</b>	317,474
AIX 2019	56 billion KZT	2024	5.00%	<b>38,638</b>	45,192
Bonds LSE 2018	1.5 billion USD	2048	6.375%	<b>647,987</b>	631,832
Bonds LSE 2018	1.25 billion USD	2030	5.375%	<b>542,949</b>	530,776
Bonds LSE 2018	0.5 billion USD	2025	4.75%	<b>216,657</b>	212,117
Bonds LSE 2017	1.25 billion USD	2047	5.75%	<b>529,174</b>	516,505
Bonds LSE 2017	1 billion USD	2027	4.75%	<b>428,623</b>	419,390
Bonds ISE 2017	750 million USD	2027	4.375%	<b>299,517</b>	299,934
Other	-	-	-	<b>4,516</b>	4,593
<b>Total</b>				<b>3,031,337</b>	<b>2,977,813</b>

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

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

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	March 31, 2021 (unaudited)	December 31, 2020 (audited)
<b>Loans</b>					
The Export-Import Bank of China (EXIM)	1.13 billion USD	2026	6M Libor + 4.10%	260,514	287,387
Development bank of Kazakhstan JSC (DBK)	230 billion KZT	2022-2030	7.00%-13.67%	165,937	166,377
The Syndicate of banks (Unicredit Tiriatic Bank, ING Bank, BCR, Raiffeisen Bank)	435 million USD <sup>1</sup>	2021-2023	1M Libor + 2.75%, 1M Libor + 2.50%, ON Libor + 2.50%, 1W Libor + 2.50%, 1W Euribor + 2.50%, 1M Euribor + 2.50%	106,862	118,228
VTB Bank Kazakhstan and VTB Bank (PJSC)	15 billion RUB	2023	Key Rate of Central Bank of Russia Federation + 2.15%	85,328	85,223
Japan Bank for International Cooperation	297.5 million USD	2025	2.19% + CIRR	61,557	60,098
Halyk bank JSC (Halyk bank)	54 billion KZT	2025	11.00%	54,723	–
Halyk bank	100 million USD <sup>2</sup>	2023	5.00%	42,540	42,145
DBK	843.6 million USD	2023-2025	10.99%	39,846	107,318
Halyk bank	41 billion KZT	2024	11.00%	36,069	41,207
European Bank for Reconstruction and Development	68 billion KZT	2026	3M CPI + 50 basis points + 2.15%	32,307	33,786
ING Bank NV	250 million USD	2021	COF (0.20%) + 2.00%	30,116	35,029
Credit Agricole	250 million USD	2021	COF (0.29%) + 2.00%	26,098	14,862
European Bank for Reconstruction and Development	36 billion KZT	2026	6M CPI + 100 basis points + 2.15%	23,185	24,278
Cargill	50 million USD	2022	3M LIBOR +2.60%	21,245	–
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	150 million USD	2021	COF (0.14%) + 1.50%	18,919	38,215
Natixis	250 million USD	2022	COF (0.37%) + 2.00%	13,674	11,723
Other	–	–	–	52,096	34,759
<b>Total</b>				<b>1,071,016</b>	<b>1,100,635</b>

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

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

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**19. BORROWINGS (continued)**

The increase in carrying value of placed bonds during the three months ended March 31, 2021, is due to the effect of the foreign currency exchange rate on bonds placed at the London Stock Exchange (LSE) and Irish Stock Exchange (ISE) and denominated in US dollars for 27,868 million tenge and due to accrued interest of bonds placed at LSE for 35,034 million tenge that are payable semiannually, in April and October.

During the three months ended March 31, 2021, Atyrau Refinery LLP (Atyrau Refinery) made partial repayment of the loan from EXIM for 79 million US dollars (equivalent to 33,039 million tenge), including accrued interest.

During the three months ended March 31, 2021, Atyrau Refinery made full repayment of the loans from DBK for 142 million US dollars (equivalent to 59,507 million tenge), including accrued interest.

During the three months ended March 31, 2021, KMG International N.V. received a short-term loans to finance working capital from Cargill at the rate of 3M Libor + 2.60% for 50 million US dollars (equivalent to 20,997 million tenge).

During the three months ended March 31, 2021, Atyrau Refinery received a long-term loan from Halyk bank for the total amount of 53,627 million tenge with 11% interest rate and maturity of 4 years to refinance its existing loans.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****19. BORROWINGS (continued)****Changes in liabilities arising from financing activities for the three months ended March 31**

<i>In millions of tenge</i>	2021				2020			
	Short-term loans	Long-term loans	Bonds	Total	Short-term loans	Long-term loans	Bonds	Total
<b>On January 1 (audited)</b>	184,370	916,265	2,977,813	4,078,448	70,843	974,937	2,791,724	3,837,504
Received in cash	66,663	54,538	-	121,201	48,831	51,630	-	100,461
Repayment of principal in cash	(53,686)	(102,784)	(6,287)	(162,757)	(22,082)	(92,761)	(5,671)	(120,514)
Interest accrued	2,069	16,180	39,345	57,594	1,412	16,019	39,249	56,680
Interest paid	(2,093)	(15,983)	(7,753)	(25,829)	(1,419)	(22,722)	(8,614)	(32,755)
Interest capitalized (Note 14)	-	68	-	68	-	1,380	-	1,380
Discount (Note 12)	-	-	-	-	-	(11,002)	-	(11,002)
Foreign currency Translation	1,461	976	24,827	27,264	10,375	15,473	414,579	440,427
Foreign exchange loss	466	2,631	3,392	6,489	5,004	93,199	62,457	160,660
Other	-	(125)	-	(125)	-	(282)	-	(282)
<b>On March 31 (unaudited)</b>	<b>199,250</b>	<b>871,766</b>	<b>3,031,337</b>	<b>4,102,353</b>	<b>112,964</b>	<b>1,025,871</b>	<b>3,293,724</b>	<b>4,432,559</b>
Current portion	199,250	132,644	75,810	407,704	112,964	143,759	81,848	338,571
Non-current portion	-	739,122	2,955,527	3,694,649	-	882,112	3,211,876	4,093,988



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

### 19. BORROWINGS (continued)

#### Covenants

The Group is required to ensure execution of the financial and non-financial covenants under the terms of loan agreements. As of March 31, 2021 and December 31, 2020, the Group complied with all financial and non-financial covenants.

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

As at March 31, 2021, certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. These borrowings are being used to hedge the Group’s exposure to the US dollar foreign exchange risk on these investments. For the three months ended March 31, 2021, loss of 24,826 million tenge (for the three months ended, March 31, 2020: loss of 414,579 million tenge) on the translation of these borrowings were transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.

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

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

<i>In millions of tenge</i>	March 31, 2021 (unaudited)	December 31, 2020 (audited)
<b>Other current financial liabilities</b>		
Due to employees	53,229	54,741
Financial guarantees	5,051	5,240
Dividends payable	195	195
Other	28,184	26,264
	<b>86,659</b>	<b>86,440</b>
<b>Other current non-financial liabilities</b>		
Contract liabilities	120,971	117,956
Other	10,630	11,065
	<b>131,601</b>	<b>129,021</b>
<b>Total other current financial and non-financial liabilities</b>	<b>218,260</b>	<b>215,461</b>
<b>Trade accounts payable</b>	<b>605,554</b>	<b>536,922</b>

As of March 31, 2021 and December 31, 2020, trade accounts payable is denominated in the following currencies:

<i>In millions of tenge</i>	March 31, 2021 (unaudited)	December 31, 2020 (audited)
Tenge	273,209	249,108
US dollar	275,238	221,097
Romanian Leu	37,786	44,457
Euro	8,235	6,558
Other currency	11,086	15,702
<b>Total</b>	<b>605,554</b>	<b>536,922</b>

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

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

### 21. RELATED PARTY DISCLOSURES

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

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

On 11 March 2021, the Company and Samruk-Kazyna entered into a trust management agreement with respect to 100% common shares of KTG, which will enable the Samruk-Kazyna to be more actively involved in managing KTG to provide support on strategic issues related to its development. According to the trust management agreement, KMG retained full control over KTG due to substantial kick out rights held.

#### Transactions balances

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

<i>In millions of tenge</i>	As at	Due from related parties	Due to related parties	Cash and deposits placed with related parties	Borrowings payable to related parties
Samruk-Kazyna entities	<b>March 31, 2021</b> (unaudited)	<b>415,290</b>	<b>35,083</b>	–	<b>38,638</b>
	December 31, 2020 (audited)	402,272	5,921	–	45,192
Associates	<b>March 31, 2021</b> (unaudited)	<b>15,834</b>	<b>4,399</b>	–	–
	December 31, 2020 (audited)	4,345	3,541	–	–
Other state-controlled parties	<b>March 31, 2021</b> (unaudited)	<b>4,200</b>	<b>282</b>	<b>85,204</b>	<b>205,784</b>
	December 31, 2020 (audited)	4,116	113	126,443	273,695
Joint ventures	<b>March 31, 2021</b> (unaudited)	<b>486,727</b>	<b>332,840</b>	–	–
	December 31, 2020 (audited)	357,832	246,555	–	–

#### Due from/to related parties

##### *Samruk-Kazyna entities*

As of March 31, 2021, the increase in due from Samruk-Kazyna entities is mainly due to the additional financial aid provided to Samruk-Kazyna and the amortization of the discount on it in the amount of 5,310 million tenge and 8,010 million tenge, respectively.

As at March 31, 2021, the increase in due to Samruk-Kazyna entities is mainly due to conclusion of a contract by Intergas Central Asia, subsidiary of KazTransGas JSC, for pipeline lease for 32,632 million tenge.

##### *Joint ventures*

As at March 31, 2021, the increase in due from joint ventures is mainly due to sale of a gas compressor station «Korkyt Ata» to Beineu-Shymkent Pipeline LLP (BSP) for 42,886 million tenge, dividends receivable from Asian Pipelines in the amount of 40,216 million tenge and the receivable from KMG Kashagan B.V. under the decision of the arbitration proceedings on the claim of KazTransGas JSC against the partners of the North Caspian project on gas price calculus from the Kashagan field in the amount of 16,431 million tenge (*Note 23*).

As at March 31, 2021, the increase in due to joint ventures primarily attributable to increase in accounts payable to Tengizchevroil LLP for crude oil by 36,604 million tenge and due to BSP for gas transportation by 45,027 million tenge.

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

### 21. RELATED PARTY DISCLOSURES (continued)

#### Cash and deposits placed with related parties

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

As at March 31, 2021, the decrease of cash and deposits is due to partial withdrawal of deposits placed with the related party for 100 million US dollars (equivalent to 42,422 million tenge as of the withdrawal date).

#### Borrowings payable to related parties

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

As at March 31, 2021, decrease in debt on loans to related parties is due to partial repayment of loans from DBK in the total amount of 73,354 million tenge, including interest (*Note 19*).

#### Transactions turnover

The following table provides the total amount of transactions, which have been entered into with related parties during the three months ended March 31, 2021 and 2020:

<i>In millions of tenge</i>	<b>As at March 31,</b>	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Interest earned from related parties</b>	<b>Interest incurred to related parties</b>
Samruk-Kazyna entities	<b>2021 (unaudited)</b>	<b>6,801</b>	<b>3,767</b>	<b>8,418</b>	<b>491</b>
	2020 (audited)	5,039	12,839	6,810	570
Associates	<b>2021 (unaudited)</b>	<b>39,531</b>	<b>7,564</b>	<b>-</b>	<b>-</b>
	2020 (audited)	11,241	8,799	1,248	-
Other state-controlled parties	<b>2021 (audited)</b>	<b>9,322</b>	<b>3,893</b>	<b>87</b>	<b>6,228</b>
	2020 (audited)	27,861	14,383	11,665	6,689
Joint ventures	<b>2021 (unaudited)</b>	<b>137,808</b>	<b>382,235</b>	<b>6,243</b>	<b>383</b>
	2020 (audited)	110,525	342,312	7,957	119

#### Key management employee compensation

Total compensation to key management personnel (members of the Boards of directors and Management boards of the Group) included in general and administrative expenses in the accompanying interim condensed consolidated statement of the comprehensive income was equal to 1,352 million tenge and 1,822 million tenge for the three months ended March 31, 2021 and 2020, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

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

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

<i>In millions of tenge</i>	March 31, 2021 (unaudited)					December 31, 2020 (audited)				
	Carrying amount	Fair value	Fair value by level of assessment			Carrying amount	Fair value	Fair value by level of assessment		
			Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Bonds receivable from Samruk-Kazyna	17,109	16,706	–	16,706	–	17,265	16,916	–	16,916	–
Loans given to related parties at amortised cost, lease receivables from joint venture	571,258	588,777	–	389,419	199,358	557,116	538,063	–	372,823	165,240
Fixed interest rate borrowings	3,432,010	3,972,636	3,517,875	454,761	–	3,394,958	4,103,404	3,640,931	462,473	–
Floating interest rate borrowings	670,343	685,849	–	685,849	–	683,490	699,509	–	699,509	–
Financial guarantee issued	13,666	14,646	–	–	14,646	14,910	15,464	–	–	15,464

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

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

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

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

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

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

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

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group’s valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the three months ended March 31, 2021.

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

	Valuation technique	Significant unobservable inputs	Range as of March 31, 2021 (unaudited)	Range as of December 31, 2020 (audited)
Loans given to related parties at amortised cost, lease receivables from JV	Discounted cash flow method	Interest/discount rate	7.75%-9.9%	7.54%-9.9%
Financial guarantee issued			4.3%	4.9%

### 23. CONTINGENT LIABILITIES AND COMMITMENTS

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

#### Cost recovery audits

As of March 31, 2021 the Group’s share in the total disputed amounts of costs is 1,177 million US dollars (equivalent to 500,047 million tenge) (as of December 31, 2020: 1,078 million US dollars, equivalent to 453,641 million tenge), including its share in the joint venture.

#### Kazakhstan local market obligation

During the three months ended March 31, 2021 in accordance with its obligations, the Group delivered 1,664 thousand tons of crude oil (for the three months ended March 31, 2020: 1,794 thousand tons), including its share in the joint ventures and associates, to the Kazakhstan local market.

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

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

#### Commitments under subsoil use contracts

As at March 31, 2021, the Group had the following commitments related to minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate:

<i>In millions of tenge</i>	<b>Capital expenditures</b>	<b>Operational expenditures</b>
<b>Year</b>		
2021	217,678	37,747
2022	108,332	3,889
2023	18,333	3,825
2024	10,175	3,847
2025-2048	5,459	22,472
<b>Total</b>	<b>359,977</b>	<b>71,780</b>

#### Oil supply commitments

As of March 31, 2021 the Group had commitments under the oil supply agreements in the total amount of 6.4 million ton (as of December 31, 2020: 8.2 million ton), including its share in joint venture commitments.

#### Other contractual commitments

As of March 31, 2021, the Group, including its share in joint ventures commitments, had other capital commitments of approximately 199,729 million tenge (as of December 31, 2020: 196,531 million tenge), related to acquisition and construction of long-lived assets.

As of March 31, 2021, the Group had commitments of 227,641 million tenge (as of December 31, 2020: 232,136 million tenge) under the investment programs approved by the joint order of Ministry of Energy of RK and Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of RK to facilitate production units.

#### Legal issues and claims

##### *The civil litigation at KMG International N.V. (further – KMGI)*

Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, has resumed several previous civil filings in 2020, one of which is challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital of 2003-2005. The hearing were held periodically, but, no final decisions were made. The next hearings for the one of the civil proceedings is scheduled to be on June 8, 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 of March 31, 2021.

##### *Resolution of the arbitration between KTG and the partners of the North Caspian project on gas price calculus from the Kashagan field.*

On February 19, 2021, a decision was issued of the arbitration proceedings on the claim of KTG against the partners of the North Caspian project on gas price calculus from the Kashagan field (Decision). The Decision was issued in favour of KTG. In accordance with the Decision, the court ordered the parties to make their calculations within 30 days on the basis of the principles established by the Decision and calculate the amounts payable to KTG, including legal costs.

As at March 31, 2021, the Group recognized other receivable as the effects of this case which has been partially repaid as at the date of issue of this interim condensed consolidated financial statements.

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

### 24. SEGMENT REPORTING

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

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

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

For the three months ended March 31, 2021 disaggregated revenue type *Sales of crude oil and gas* mainly represents sales made by the following operating segments: *Gas trading and transportation* of 201,059 million tenge (for the three months ended March 31, 2020: 280,548 million tenge) and *Refining and trading of crude oil and refined products* of 631,569 million tenge (for the three months ended March 31, 2020: 520,885 million tenge).

For the three months ended March 31, 2021 disaggregated revenue type *Sales of refined products* mainly includes revenue of operating segments such as *Refining and trading of crude oil and refined products* of 304,485 million tenge (for the three months ended March 31, 2020: 277,899 million tenge), *Exploration and production of oil and gas* of 828 million tenge (for the three months ended March 31, 2020: 1,093 million tenge) and *Corporate* of 107,887 million tenge (for the three months ended March 31, 2020: 99,176 million tenge).

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

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

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

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

#### Geographic information

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

<i>In millions of tenge</i>	<b>March 31, 2021 (unaudited)</b>	December 31, 2020 (audited)
Kazakhstan	3,674,386	3,730,070
Other countries	632,910	639,675
	<b>4,307,296</b>	<b>4,369,745</b>

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

The following table represents information about profit or loss, and assets and liabilities of operating segments of the Group as of March 31, 2021 and for the period then ended:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	2,698	48,916	241,007	1,007,335	107,944	25,551	-	1,433,451
Revenues from sales to other segments	251,016	19,441	406	35,551	8,292	19,522	(334,228)	-
<b>Total revenue</b>	<b>253,714</b>	<b>68,357</b>	<b>241,413</b>	<b>1,042,886</b>	<b>116,236</b>	<b>45,073</b>	<b>(334,228)</b>	<b>1,433,451</b>
Cost of purchased oil, gas, petroleum products and other materials	(6,888)	(2,949)	(19,293)	(905,543)	(50,406)	(5,615)	243,652	(747,042)
Production expenses	(67,656)	(27,182)	(20,479)	(41,386)	(34,392)	(35,354)	62,218	(164,231)
Taxes other than income tax	(70,584)	(3,176)	(3,660)	(3,552)	(8,892)	(1,808)	-	(91,672)
Transportation and selling expenses	(25,546)	(1,071)	(92,160)	(14,736)	(2,262)	(5)	13,111	(122,669)
General and administrative expenses	(6,204)	(2,871)	(5,764)	(8,026)	(5,390)	(4,645)	1,291	(31,609)
Share in profit of joint ventures and associates, net	111,364	25,141	77,452	4,349	-	(580)	-	217,726
<b>EBITDA</b>	<b>188,200</b>	<b>56,249</b>	<b>177,509</b>	<b>73,992</b>	<b>14,894</b>	<b>(2,934)</b>	<b>(13,956)</b>	<b>493,954</b>
<b>EBITDA, %</b>	<b>38%</b>	<b>11%</b>	<b>36%</b>	<b>15%</b>	<b>3%</b>	<b>(1%)</b>	<b>(2%)</b>	
Depreciation, depletion and amortization	(31,278)	(9,925)	(18,995)	(34,658)	(767)	(2,480)	-	(98,103)
Finance income	16,262	1,084	5,537	1,273	22,420	2,038	(27,066)	21,548
Finance costs	(4,585)	(1,365)	(9,801)	(21,428)	(51,076)	(1,236)	21,472	(68,019)
Impairment of property, plant and equipment, exploration and evaluation assets	3	-	-	-	-	3	-	6
Exploration expenses	(19,800)	-	-	-	-	-	-	(19,800)
Income tax expense	(30,686)	(4,847)	(10,938)	(6,166)	(238)	(386)	-	(53,261)
<b>Net profit for the period</b>	<b>120,588</b>	<b>42,432</b>	<b>145,622</b>	<b>16,042</b>	<b>(13,628)</b>	<b>(7,089)</b>	<b>(17,847)</b>	<b>286,120</b>
<b>Other segment information</b>								
Investments in joint ventures and associates	5,533,585	545,015	545,608	39,868	-	23,796	-	6,687,872
Capital expenditures	32,666	2,981	5,188	6,164	1,932	2,647	-	51,578
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,575)	(6,635)	(8,140)	(45,681)	(25,568)	(9,822)	-	(100,421)
<b>Assets of the segment</b>	<b>8,095,817</b>	<b>1,208,148</b>	<b>2,631,232</b>	<b>2,664,469</b>	<b>1,233,334</b>	<b>270,242</b>	<b>(966,710)</b>	<b>15,136,532</b>
<b>Liabilities of the segment</b>	<b>821,118</b>	<b>173,539</b>	<b>1,000,617</b>	<b>1,691,150</b>	<b>3,324,818</b>	<b>107,699</b>	<b>(944,562)</b>	<b>6,174,379</b>



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

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

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	291	54,900	326,095	868,962	99,871	25,995	–	1,376,114
Revenues from sales to other segments	248,121	30,146	399	101,019	14,135	18,265	(412,085)	–
<b>Total revenue</b>	<b>248,412</b>	<b>85,046</b>	<b>326,494</b>	<b>969,981</b>	<b>114,006</b>	<b>44,260</b>	<b>(412,085)</b>	<b>1,376,114</b>
Cost of purchased oil, gas, petroleum products and other materials	(8,106)	(3,123)	(144,196)	(835,838)	(56,548)	(5,995)	312,422	(741,384)
Production expenses	(82,481)	(30,001)	(20,982)	(54,802)	(37,301)	(33,677)	84,848	(174,396)
Taxes other than income tax	(72,397)	(3,462)	(4,189)	(3,276)	(9,125)	(1,844)	–	(94,293)
Transportation and selling expenses	(32,650)	(5,594)	(85,666)	(14,230)	(2,078)	(5)	21,574	(118,649)
General and administrative expenses	(9,314)	(2,881)	(4,545)	(9,313)	(6,817)	(7,493)	2,666	(37,697)
Share in profit of joint ventures and associates, net	76,657	17,251	(18,453)	(10,003)	–	(136)	–	65,316
<b>EBITDA</b>	<b>120,121</b>	<b>57,236</b>	<b>48,463</b>	<b>42,519</b>	<b>2,137</b>	<b>(4,890)</b>	<b>9,425</b>	<b>275,011</b>
<b>EBITDA, %</b>	<b>44%</b>	<b>21%</b>	<b>18%</b>	<b>15%</b>	<b>1%</b>	<b>(2%)</b>	<b>3%</b>	<b>–</b>
Depreciation, depletion and amortization	(33,330)	(9,896)	(10,659)	(34,901)	(755)	(2,217)	–	(91,758)
Finance income	27,456	893	4,601	13,342	26,955	2,891	(39,123)	37,015
Finance costs	(4,133)	(1,823)	(7,604)	(23,835)	(61,722)	(3,697)	35,740	(67,074)
Impairment of property, plant and equipment, exploration and evaluation assets	(61,040)	(61)	–	8	(46)	–	–	(61,139)
Impairment of investments in joint venture and associate	(38,000)	–	–	–	–	–	–	(38,000)
Income tax expense	(14,138)	(7,606)	(9,214)	16,144	(3,035)	(724)	–	(18,573)
<b>Net profit for the period</b>	<b>31,573</b>	<b>46,045</b>	<b>21,681</b>	<b>(86,906)</b>	<b>68,181</b>	<b>(15,116)</b>	<b>4,056</b>	<b>69,514</b>
<b>Other segment information</b>								
Investments in joint ventures and associates	5,371,371	515,025	525,626	34,122	–	24,877	–	6,471,021
Capital expenditures	41,300	6,819	68,833	21,304	987	4,023	–	143,266
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,495)	(6,457)	(7,240)	(46,112)	(25,141)	(9,254)	–	(98,699)
<b>Assets of the segment</b>	<b>7,827,588</b>	<b>1,189,807</b>	<b>2,405,880</b>	<b>2,654,458</b>	<b>1,302,283</b>	<b>281,039</b>	<b>(1,007,768)</b>	<b>14,653,287</b>
<b>Liabilities of the segment</b>	<b>814,551</b>	<b>198,810</b>	<b>921,668</b>	<b>1,704,835</b>	<b>3,269,893</b>	<b>105,549</b>	<b>(998,698)</b>	<b>6,016,608</b>

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

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**25. SUBSEQUENT EVENTS****Proceeds from new borrowings and settlement of existing borrowings**

From 14 to 26 April, 2021, the Company made scheduled coupon payments on bonds for 166 million US dollars (equivalent to 71,558 million tenge as of transaction date).

From 8 to 20 April, 2021, ANPZ made early partial repayment of a short-term loan from Halyk Bank for 24 million US dollars (equivalent to 10,454 million tenge), including accrued interest.

On April 26, 2021, KTG, paid a consent fee in order to obtain approval to make changes in prospectus of share bonds for 3.5 million US dollars (equivalent to 1,508 million tenge).

**Proceeds and issuance of loans**

On April 27, 2021, PetroKazakhstan Inc. partially repaid the loan to the Company for 13,218 million tenge, including accrued interest.

On April 27, 2021, the Company provided additional tranches of financial aid to Samruk-Kazyna for 9,081 million tenge.

**Dividends, received and given**

On May 4, 2021, based on the decision of Samruk-Kazyna and National Bank of the Republic of Kazakhstan, the Company declared dividends for 2020 of 81.95 tenge per common share in the total amount of 49,999 million tenge.

On May 13, 2021, the Company received dividends from KazGerMunay LLP for 3,196 million tenge.