



# **Kazakhstan Engineering National Company JSC**

## **Consolidated financial statements**

for the year ended 31 December 2020  
prepared in accordance with IFRSs

Nur-Sultan 2021

**CONTENTS**

**Independent auditors' report**

**Consolidated financial statements**

Consolidated statement of profit or loss and other comprehensive income.....	1
Consolidated statement of financial position.....	2
Consolidated statement of cash flows.....	3
Consolidated statement of changes in equity.....	4

**Notes to the consolidated financial statements and significant accounting policies**

1. General information.....	5
2. Basis of preparation.....	5
3. Recalculation of comparative information.....	7
4. Segment information.....	14
5. Revenues.....	15
6. Cost of sales.....	16
7. Selling and distribution costs.....	16
8. Administrative expenses.....	16
9. Impairment losses, net.....	17
10. Other operating income, net.....	17
11. Finance expenses, net.....	17
12. Income tax.....	18
13. Property, plant and equipment.....	19
14. Investments in joint ventures and associates.....	19
15. Restricted cash.....	21
16. Inventories.....	21
17. Advances paid and other current assets.....	22
18. Trade and other receivables.....	22
19. Cash and cash equivalents.....	23
20. Assets held for sale.....	23
21. Equity.....	23
22. Borrowings and finance lease.....	24
23. Trade and other payables.....	25
24. Provisions.....	26
25. Advances received.....	26
26. Reconciliation of profit (loss) before taxation to cash flows from operating activities.....	26
27. Financial instruments and financial risk management objectives and policies.....	26
28. Commitments and contingencies.....	30
29. Related party disclosures.....	31
30. Group information.....	32
31. Significant accounting policies.....	32
32. Events after the reporting period.....	36

**INDEPENDENT AUDITORS' REPORT**

Shareholder of «Kazakhstan Engineering» National Company» JSC

**Opinion**

We have audited the accompanying consolidated financial statements of Kazakhstan Engineering National Company JSC and its subsidiaries (hereinafter – the “Group”), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (hereinafter – “ISAs”). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (hereinafter – “IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code, together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report:

**Revenue recognition**

**Risk** The Group recognizes the majority of its sales to customers over time. The key assumptions used in the analysis of the stage of completion of the contract and the recognition of the asset under the contract are based on management's estimates and are a source of uncertainty.

**Our Measures** Our audit procedures in this area included the following:

- Achieving an understanding of the Group's revenue recognition process;
- Study of the terms of contracts with customers, analyzed non-standard contract terms and reviewed the Group's approach to revenue recognition;
- Analysis of monthly revenue trends and revenue fluctuations for individual contracts, and examined revenue recognition around the reporting date;
- Assessment of the validity of the assumptions used by management in assessing the degree of completion of the contract, including the time and cost of completing contracts with customers;
- Verification of the acceptability and completeness of the disclosure of sales revenue to customers.



## *Key Audit Matters, continue*

### **Recognition of reserves for illiquid inventories**

**Risk** The Group analyzes the balance of reserves in order to identify unclaimed liquid and illiquid reserves and calculate reserves for them. The key assumptions used in the analysis of the expected life of realization and the recoverable amount of such assets based on management's estimates are a source of uncertainty.

**Our Measures** Our audit procedures in this area included the following:

- Achieving an understanding of the process of estimating a provision for illiquid inventories;
- Analysis of turnover ratios by inventory items;
- Assessment of the condition of the inventory during the inventory;
- Assessment of the reasonableness of the assumptions used by management in estimating the provision. These assumptions include the expected time and cost of sales/disposal of the inventory, as well as the possibility of their alternative use.
- Verification of the acceptability and completeness of the disclosure of illiquid inventories.

### *Other information*

The financial statements of the Group for the year ended December 31, 2019 were checked by another auditor, who expressed a qualified opinion on November 20, 2020 in respect of deviations from IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers".

In the course of the audit of financial statements 2020, we have checked the adjustment of comparative figures, in particular, the calculation of estimated credit losses, and assets under contracts with customers at 31 December 2018 and 2019 to eliminate the qualifications of the previous auditor. These adjustments are summarized in Note 3 to the consolidated financial statements, in our opinion, are appropriate and made in a proper manner. We have not performed an audit, our review or any other procedures against financial statements of the Group for 2019 except for checking adjustments and, accordingly, we do not express an opinion on the financial statements for the year 2019.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements, continue

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

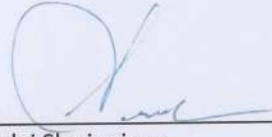
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Approve

  
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Serik Kozhikenov  
Engagement manager  
Auditor Qualification Certificate  
No. 0000557 issued 24 December 2003 by Ministry of  
Finance of the Republic of Kazakhstan  
Chief Executive  
Moore Stephens Kazakhstan LLP  
15 July 2021



  
\_\_\_\_\_  
Nikolai Slavianinov  
Concurrent engagement partner  
Certified Public Accountant  
USA Oregon  
No. 10018 dated 20 August 2001

General licence No. 20008067 for audit activity issued 09 June 2020 by Ministry of Finance of the Republic of Kazakhstan



KZT'000	Note	2020	2019, restated
Revenues	5	99,918,766	87,734,046
Cost of sales	6	(88,803,765)	(82,104,219)
<b>Gross profit</b>		<b>11,115,001</b>	<b>5,629,827</b>
Selling and distribution costs	7	(1,269,375)	(1,010,706)
Administrative expenses	8	(4,654,950)	(4,203,768)
Impairment losses, net	9	(3,939,825)	(1,927,095)
Other operating income, net	10	1,500,316	523,788
<b>Operating profit (loss)</b>		<b>2,751,167</b>	<b>(987,954)</b>
Share in income (losses) of associates and joint ventures	14	1,171,596	(462,242)
Finance expenses, net	11	(2,319,474)	(2,931,608)
Foreign exchange loss		(828,697)	(29,447)
<b>Profit (loss) before taxation</b>		<b>774,592</b>	<b>(4,411,251)</b>
Income tax expense	12(a)	(310,686)	(2,486,006)
<b>Profit (loss) for the year</b>		<b>463,906</b>	<b>(6,897,257)</b>
Other comprehensive income for the year		—	—
<b>Total comprehensive income (expense) for the year</b>		<b>463,906</b>	<b>(6,897,257)</b>
Attributable to:			
Shareholders of the Company		377,583	(6,985,327)
Minority interests		86,323	88,070

These consolidated financial statements have been approved for issue on 15 July 2021 and signed on behalf of the Group's management by:

 <b>Mukhtar Kereybayev</b> Chairman of the Board	 <b>Dmitry Li</b> Managing director	 <b>Gulvira Ikmatova</b> Chief Accountant
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KZT'000	Note	2020	2019, restated	2018, restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	43,625,220	18,363,062	14,654,347
Investment property		254,696	260,574	266,452
Intangible assets		314,028	337,339	267,798
Investments in joint ventures and associates	14	7,165,569	7,024,271	7,556,078
Deferred tax asset	12(b)	1,687,015	887,475	2,805,686
Loans receivable	27(c)	2,101,514	2,095,796	1,818,741
Restricted cash	15	2,839,589	-	-
Other non-current assets		1,855,503	551,265	734,445
		<b>59,843,134</b>	<b>29,519,782</b>	<b>28,103,547</b>
<b>Current assets</b>				
Inventories	16	15,653,532	14,890,482	16,244,579
Corporate income tax prepaid		627,366	543,628	340,830
Advances paid and other current assets	17	28,614,546	55,761,553	6,884,649
Trade and other receivables	18	6,772,210	4,443,753	1,080,362
Restricted cash	15	821,413	-	-
Bank deposits		51,333	314,547	679,512
Cash and cash equivalents	19	30,698,097	10,865,218	11,139,676
		<b>83,238,497</b>	<b>86,819,181</b>	<b>36,369,608</b>
Assets held for sale	20	104,391	4,305,257	4,305,257
<b>TOTAL ASSETS</b>		<b>143,186,022</b>	<b>120,644,220</b>	<b>68,778,412</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity and reserves</b>				
Share capital	21(a)	57,118,832	26,276,802	24,776,802
Additional paid in capital		412,406	412,406	412,406
Accumulated losses		(15,978,400)	(15,349,072)	(8,359,027)
Equity attributable to shareholders of the Company		41,552,838	11,340,136	16,830,181
Minority interests		879,720	843,861	795,474
		<b>42,432,558</b>	<b>12,183,997</b>	<b>17,625,655</b>
<b>Non-current liabilities</b>				
Borrowings and finance lease	22	-	628,964	10,461,833
Trade and other payables	23	285,869	707,115	4,401,525
Preference shares dividends payable		731,873	399,600	358,779
Deferred tax liability	12(b)	433,714	502,866	538,494
Deferred income - government grant		-	-	723,503
		<b>1,451,456</b>	<b>2,238,545</b>	<b>16,484,134</b>
<b>Current liabilities</b>				
Borrowings and finance lease	22	28,926,022	29,361,594	18,665,642
Trade and other payables	23	13,176,458	17,591,426	3,891,327
Provisions	24	2,979,947	217,605	-
Advances received	25	53,386,433	58,328,596	11,518,183
Preference shares dividends payable		492,834	567,740	545,390
Income tax payable		340,314	154,717	48,081
		<b>99,302,008</b>	<b>106,221,678</b>	<b>34,668,623</b>
<b>TOTAL LIABILITIES</b>		<b>100,753,464</b>	<b>108,460,223</b>	<b>51,152,757</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>143,186,022</b>	<b>120,644,220</b>	<b>68,778,412</b>

KZT'000	Note	2020	2019, restated
<b>OPERATING ACTIVITIES</b>			
Cash receipts from customers		103,831,649	141,803,730
Cash paid to employees		(8,529,776)	(8,220,814)
Other taxes and obligatory payments paid		(8,117,832)	(5,269,671)
Cash paid to suppliers		(66,221,526)	(128,093,687)
Cash flows from operations before interest and income tax paid	26	20,962,515	219,558
Interest received		1,072,436	699,780
Interest paid		(218,759)	(1,632,288)
Income tax paid		(808,682)	(493,543)
<b>Net cash from (used in) operating activities</b>		<b>21,007,510</b>	<b>(1,206,493)</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(7,014,284)	(2,382,922)
Proceeds from sale of property, plant and equipment		12,015	45,500
Purchases of intangible assets		(58,912)	-
Proceeds from sale of shares in subsidiaries and associates		2,769,280	2,978,641
Increasing the bank deposit		263,214	769,567
Dividends received	14	119,365	69,565
<b>Net cash from (used in) investing activities</b>		<b>(3,909,322)</b>	<b>1,480,351</b>
<b>FINANCING ACTIVITIES</b>			
Equity issuance	21(a)	2,715,570	1,500,000
Proceeds from borrowings	22	4,228,378	4,772,867
Repayment of borrowings	22	(8,223,443)	(6,789,872)
Dividends paid		(50,464)	(60,951)
<b>Net cash used in financing activities</b>		<b>(1,329,959)</b>	<b>(577,956)</b>
Net increase (decrease) in cash		15,768,229	(304,098)
Additions of entities under common control	21(e)	4,068,127	-
Effect of exchange rate changes on cash		(3,477)	29,640
Cash and cash equivalents at the beginning of the year		10,865,218	11,139,676
<b>Cash and cash equivalents at the end of the year</b>	19	<b>30,698,097</b>	<b>10,865,218</b>

Reconciliation of cash flows from operating activities reported using the indirect method and non-cash transactions are provided in note 26.



	Note	Share capital	Additional paid in capital	Accumulated losses	Equity attributable to shareholders of the Company	Minority interests	Total
KZT'000							
At 1 January 2019		24,776,802	841,018	(7,724,815)	17,893,005	661,904	18,554,909
Correction of error, net of income tax	3(d)	-	(428,612)	(634,212)	(1,062,824)	133,570	(929,254)
At 1 January 2019, restated		24,776,802	412,406	(8,359,027)	16,830,181	795,474	17,625,655
Total comprehensive (expense) income, restated	21(a)	-	-	(6,985,327)	(6,985,327)	88,070	(6,897,257)
Equity issuance	21(b)	1,500,000	-	-	1,500,000	-	1,500,000
Dividend declared		-	-	-	-	(39,683)	(39,683)
Other		-	-	(4,718)	(4,718)	-	(4,718)
<b>At 31 December 2019, restated</b>		<b>26,276,802</b>	<b>412,406</b>	<b>(15,349,072)</b>	<b>11,340,136</b>	<b>843,861</b>	<b>12,183,997</b>
Total comprehensive income	21(a)	-	-	377,583	377,583	86,323	463,906
Equity issuance	21(b)	30,842,030	-	-	30,842,030	-	30,842,030
Dividend declared		-	-	-	-	(50,464)	(50,464)
Additions of entities under common control	21(e)	-	-	(1,006,911)	(1,006,911)	-	(1,006,911)
<b>At 31 December 2020</b>		<b>57,118,832</b>	<b>412,406</b>	<b>(15,978,400)</b>	<b>41,552,838</b>	<b>879,720</b>	<b>42,432,558</b>

## 1. General information

### (a) Organisation and operation

Kazakhstan Engineering National Company JSC (hereinafter – the “Company”) - a joint-stock company established by the decree of the Government of the Republic of Kazakhstan in March 2003.

The Company's registered office and principal place of business is 12A Kerey Zhanibek Khandar str., Nur-Sultan, Kazakhstan.

These consolidated financial statements comprise the Company and its subsidiaries (hereinafter – the “Group”). Refer to note 30 for a list of all the Company's subsidiaries. The sole shareholder and ultimate controlling party of the Group is the Government of the Republic of Kazakhstan represented by the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan.

The Group's main activities are:

- participation in the implementation of state policy on the development, production, sale, and liquidation of goods and equipment for protection, dual and civilian use;
- participation in the development of current and long-term intersectoral programs for the development and production of defense and dual-use products to meet domestic needs and exports;
- production and import of defense equipment and dual-use products for the armed forces and other military formations of the Republic of Kazakhstan, as well as their export;
- development and implementation of conversion programs and programs for the development of the military-industrial complex;
- participation in the implementation of the state defense order; formation and implementation of plans for the formation and storage of mobilization reserves;
- production of oil and gas, railway, aviation, agricultural, shipbuilding equipment, production of civil goods.

As at 31 December 2020, the Group had 4,462 employees (2019: 4,165 employees).

### (b) Kazakhstan business environment

The Group's operations are primarily located in Kazakhstan. Consequently, the Group is exposed to country risk being the economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising from the policies of the government, economic conditions, imposition or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The financial statements include management's estimates of Kazakhstan economic conditions and their impact on the results and financial position of the Group. Actual economic conditions can differ from those estimates.

## 2. Basis of preparation

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”) as issued by the International Accounting Standards Board (hereinafter – “IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter – “IFRIC”) of the IASB.

### (b) Going concern

These consolidated financial statements have been prepared on a going concern basis.

As stated in Note 32, the group is preparing the signing of the tripartite agreement with the Halyk Bank of Kazakhstan and the Samruk Kazyna Sovereign Wealth Fund, the main lenders, to restructure debt on terms of debt repayment during the 2.5 years in the proportion of shares of loans, received from creditors. The Group plans to finance the repayment of debts due to the planned sale of shares in subsidiaries, as part of the government's privatization plan of the Republic of Kazakhstan for 2021-2025.

Management has assessed the financial position of the Group received loans and the preliminary results of the negotiations with the borrowers regarding the prolongation of maturities, and believes that there is adequate funding to meet the anticipated needs of the Group's cash flows. Management continues to apply the going concern principle in preparing these financial statements.

### (c) Basis of accounting

The consolidated financial statements have been prepared on a historical cost basis.

## 2. Basis of preparation, continue

### (d) Basis of consolidation

The consolidated financial statements set out the Group's financial position as at 31 December 2020 and the Group's financial performance for the year ended 31 December 2020.

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to direct those activities of an enterprise that most significantly affect the returns the Group earns from its involvement with the enterprise. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This treatment may mean that amounts previously recognised in other comprehensive income are recycled through profit or loss.

The financial statements of subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intragroup transactions, have been eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

### (e) Functional and presentation currency

The national currency of the Republic of Kazakhstan is the Kazakhstan tenge (hereinafter – “tenge” or “KZT”), which is the functional currency of the Company and its subsidiaries and the currency in which these consolidated financial statements are presented. All financial information presented in tenge has been rounded to the nearest thousand (hereinafter – “KZT'000” or “KZT thousand”).

### (f) Adoption of standards and interpretations

In preparing the financial statements, the Group has applied the following standards and amendments effective from 1 January 2020:

- Amendments to IFRS 3 “Definition of a Business”;
- Amendments to IFRS 7, IFRS 9 and IAS 39 “Interest Rate Benchmark Reform”;
- Amendments to IAS 1 and IAS 8 “Definition of Material”;
- Conceptual Framework for Financial Reporting.

The standards and amendments listed above did not have a material impact on the Group's financial statements.

### (g) New standards and interpretations not yet adopted

The Group has not early adopted new standards, interpretations or amendments that were issued but are not yet entered into force, and their requirements have not been considered when preparing the financial statements. These standards and interpretations are not expected to have a material impact on these financial statements.

### (h) Use of estimates and judgments

The Group's management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments made by management for preparation of these financial statements is described in the following notes:

- Note 5 – Revenues. Management made an assessment of the degree of completion of contracts and assets under the contract;
- Note 12 – Income tax. Management made estimates in relation to the level of taxes payable which may then be audited by the tax authorities and timing of realisation of temporary differences;
- Note 13 – Property, plant and equipment. Estimates were made in relation to the useful lives of assets;
- Note 15 – Restricted cash. Management has made an assessment regarding the expected credit losses and the fair value of restricted cash based on market rates on bank deposits;
- Note 16 – Inventories. Estimates were made in relation to the allowance for obsolete inventories;

## **2. Basis of preparation, continue**

- Note 17 – Advances paid and other current assets. Management made estimates in relation to the allowance for doubtful assets;
- Note 18 – Trade and other receivables. Management made estimates in relation to the allowance for expected credit losses;
- Note 24 – Provisions. The assessment is made with respect to the completeness of obligations arising from past events, the settlement of which is expected to result in the disposal of resources containing economic benefits from the organization;
- Note 27 – Financial risk management objectives and policies. Fair value analysis is based on estimated future cash flows and discount rates;
- Note 28 – Commitments and contingencies. These require management to make estimates as to amounts payable and to determine the likelihood of cash outflows in the future.

### **(i) Comparative information**

When the presentation format of the financial statements changes during the year, the comparative data are amended accordingly to bring them in line with the new format.

In the statement of financial position, the changes in comparative data included the following:

- loans issued have been separated from trade and other receivables into a separate item;
- advances paid, other taxes recoverable and other current assets are combined into one item;
- loans and finance lease liabilities are combined into one line item;
- dividends on preferred shares payable are separated from other current liabilities into a separate item;
- provisions are separated from other current liabilities into a separate item;
- trade payables, other long-term liabilities, other taxes, and other current liabilities are combined into trade and other payables.

In the income statement, changes in comparative data included the following:

- impairment losses are separated into a separate line item;
- financial income and expenses are presented on a net basis.

When preparing the disclosure of related parties in Note 32 the Group separately presented transactions with public authorities, which have a significant impact on the Group, and other organizations under the control of public authorities.

## **3. Recalculation of comparative information**

### **(a) Prior period errors**

Prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing those statements.

Prior period errors are corrected retrospectively by restating the comparative data for the given period, in which the error occurred.

#### **Recognition of provision for expected credit losses**

The Group recognized a provision for expected credit losses with respect to loans granted, trade and other receivables in accordance with IFRS 9 "Financial Instruments", which entered into force on 1 January 2018. As part of this work, the Group also included the effect of the fair value of loans issued and investments in joint ventures and associates and separated a number of financial assets from advances paid and other current assets.

#### **Recognition of revenue from contracts with customers**

The Group recognizes revenue under contracts with customers during the period, assessing the degree of completeness of the obligations at the relevant reporting date of 31 December 2019 and 2018, in accordance with IAS 15 "Revenue from Contracts with customers", which entered into force on 1 January 2018. As part of this work, the Company also offset the assets under the contract with advances received.

### 3. Recalculation of comparative information, continue

#### Error when consolidating the disposed entity

In July 2018, the company transferred 50% of shares of Kazakhstan aviation industry LLP with the condition of payment in installments of 70% of the transaction value. Subsequently, until full payment of the cost of the transaction and thus the transfer of the right of ownership, the parties entered into an agreement transferring the said shares in trust management from 10 December 2018. Since that date, the company has ceased to manage the significant activities of this subsidiary, and it is subject to joint management of the transaction parties. As a result, since December 2018, the financial statements of this company have been excluded from these consolidated financial statements and this investment has been accounted for using the equity method.

#### Recognition of estimated liabilities

The Group recognized estimated liabilities for compensation of injuries to former employees, who got work-related injuries, as well as a guaranteed dividend to preferred shareholders. Effect of amortization of the discount on the financial expenses in the statement of income and expenses over the years ended at the stated dates, was not significant.

#### Share of income and losses in joint ventures

The Group recalculated the share of gains and losses of joint ventures.

#### Elimination of provision for liabilities of a subsidiary

The Group has eliminated the provision for guarantees on the loan of the subsidiary.

#### Other

The Group has also recalculated the line items in the consolidated statement of financial position, as a result of the following errors:

- Classification of the cost of the administrative building to operating leases, as an investment property.
- Elimination of intercompany trade payables.
- Elimination of intangible asset value, which is a development of the industrial design of high-speed boats, both not corresponding to the recognition criteria.
- Elimination of additional paid-in capital of a subsidiary.
- Additional provision for obsolete inventories.

#### Deferred income tax recalculation

As a result of the recalculation of errors, as described above, the balances of deferred tax assets and income tax expenses have been revised.

3. Recalculation of comparative information, continue

(b) Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

The items in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 that contain errors and their recalculation are presented in the following table:

	2019 before restated	Provision for expected credit losses	Recognition of revenue from contracts with customers	Share of income (losses) of joint ventures	Elimination of a subsidiary's liability	Recognition of provisions	Error when consolidating a retiring group	Deferred income tax recalculation	2019, restated
KZT'000									
Revenues	95,196,305	-	2,215,769	-	-	-	(9,678,028)	-	87,734,046
Cost of sales	(85,493,170)	-	(3,403,420)	-	-	-	6,792,371	-	(82,104,219)
<b>Gross profit</b>	<b>9,703,135</b>	-	<b>(1,187,651)</b>	-	-	-	<b>(2,885,657)</b>	-	<b>5,629,827</b>
Selling and distribution costs	(1,057,987)	-	-	-	-	-	47,281	-	(1,010,706)
Administrative expenses	(6,246,493)	-	-	-	687,876	(7,718)	1,362,567	-	(4,203,768)
Impairment losses, net	(3,027,190)	1,100,095	-	-	-	-	-	-	(1,927,095)
Other operating income, net	337,280	-	-	-	-	-	186,508	-	523,788
<b>Operating loss</b>	<b>(291,255)</b>	<b>1,100,095</b>	<b>(1,187,651)</b>	-	<b>687,876</b>	<b>(7,718)</b>	<b>(1,289,301)</b>	-	<b>(987,954)</b>
Share in income (losses) of associates and joint ventures	21,125	-	-	(483,367)	-	-	-	-	(462,242)
Finance expenses, net	(3,030,676)	99,068	-	-	-	-	-	-	(2,931,608)
Foreign exchange loss	9,854	-	-	-	-	-	(39,301)	-	(29,447)
<b>Loss before taxation</b>	<b>(3,290,952)</b>	<b>1,199,163</b>	<b>(1,187,651)</b>	<b>(483,367)</b>	<b>687,876</b>	<b>(7,718)</b>	<b>(1,328,602)</b>	-	<b>(4,411,251)</b>
Income tax expense	(1,703,856)	-	-	-	-	-	-	(782,150)	(2,486,006)
<b>Loss for the year</b>	<b>(4,994,808)</b>	<b>1,199,163</b>	<b>(1,187,651)</b>	<b>(483,367)</b>	<b>687,876</b>	<b>(7,718)</b>	<b>(1,328,602)</b>	<b>(782,150)</b>	<b>(6,897,257)</b>

### 3. Recalculation of comparative information, continue

#### (c) Consolidated statement of financial position as at 31 December 2019

The items in the consolidated statement of financial position as at 31 December 2019 that contain errors and their recalculation are presented in the following table:

KZT'000	2019, before restated	Provision for expected credit losses	Recognition of revenue from contracts with customers	Share of income (losses) of joint ventures	Elimination of a subsidiary's liability	Provisions for future payments	Error when consolidating a retiring group	Deferred income tax recalculation	Other	2019, restated
<b>Non-current assets</b>										
Property, plant and equipment	26,467,734	-	-	-	-	-	(7,844,098)	-	(260,574)	18,363,062
Investment property	-	-	-	-	-	-	-	-	260,574	260,574
Intangible assets	456,982	-	-	-	-	-	(22,786)	-	(96,857)	337,339
Investments in joint ventures and associates	5,182,821	-	-	(1,629,330)	-	-	3,470,780	-	-	7,024,271
Deferred tax asset	2,503,879	-	-	-	-	-	-	(1,616,404)	-	887,475
Loans receivable	-	(1,090,887)	-	-	-	-	-	-	3,186,683	2,095,796
Other non-current assets	885,412	-	-	-	-	-	(334,147)	-	-	551,265
	35,496,828	(1,090,887)	-	(1,629,330)	-	-	(4,730,251)	(1,616,404)	3,089,826	29,519,782
<b>Current assets</b>										
Inventories	25,198,163	-	(3,412,694)	-	-	-	(6,839,115)	-	(55,872)	14,890,482
Corporate income tax prepaid	543,636	-	-	-	-	-	(8)	-	-	543,628
Advances paid and other current assets	50,204,851	(104,114)	(1,755,684)	-	-	-	7,416,500	-	-	55,761,553
Trade and other receivables	4,345,643	(175,025)	(722,432)	-	-	-	4,182,250	-	(3,186,683)	4,443,753
Bank deposits	381,557	-	-	-	-	-	(67,010)	-	-	314,547
Cash and cash equivalents	15,973,894	-	-	-	-	-	(5,108,676)	-	-	10,865,218
	96,647,744	(279,139)	(5,890,810)	-	-	-	(416,059)	-	(3,242,555)	86,819,181
Assets held for sale	4,305,257	-	-	-	-	-	-	-	-	4,305,257
<b>TOTAL ASSETS</b>	<b>136,449,829</b>	<b>(1,370,026)</b>	<b>(5,890,810)</b>	<b>(1,629,330)</b>	<b>-</b>	<b>-</b>	<b>(5,146,310)</b>	<b>(1,616,404)</b>	<b>(152,729)</b>	<b>120,644,220</b>

3. Recalculation of comparative information, continue

	2019, before restated KZT'000	Provision for expected credit losses	Recognition of revenue from contracts with customers	Share of income (losses) of joint ventures	Elimination of a subsidiary's liability	Provisions for future payments	Error when consolidating a retiring group	Deferred income tax recalculation	Other	2019, restated
<b>Equity and reserves</b>										
Share capital	26,276,802	-	-	-	-	-	-	-	-	26,276,802
Additional paid in capital	841,018	-	-	-	-	-	-	-	(428,612)	412,406
Accumulated losses	(12,770,230)	(1,370,026)	(949,164)	(1,629,330)	687,876	(605,398)	2,239,673	(1,258,411)	305,938	(15,349,072)
Equity attributable to shareholders of the Company	14,347,590	(1,370,026)	(949,164)	(1,629,330)	687,876	(605,398)	2,239,673	(1,258,411)	(122,674)	11,340,136
Minority interests	691,303	-	-	-	-	-	-	-	152,558	843,861
	15,038,893	(1,370,026)	(949,164)	(1,629,330)	687,876	(605,398)	2,239,673	(1,258,411)	29,884	12,183,997
<b>Non-current liabilities</b>										
Borrowings	507,117	-	-	-	-	-	121,847	-	-	628,964
Preference shares dividends payable	136,724	-	-	-	-	262,876	-	-	-	399,600
Other payables	27,720	-	-	-	-	342,522	519,486	-	(182,613)	707,115
Deferred tax liability	860,859	-	-	-	-	-	-	(357,993)	-	502,866
	1,532,420	-	-	-	-	605,398	641,333	(357,993)	(182,613)	2,238,545
<b>Current liabilities</b>										
Borrowings	28,381,089	-	-	-	-	-	980,505	-	-	29,361,594
Trade and other payables	23,428,818	-	-	-	(687,876)	-	(5,149,516)	-	-	17,591,426
Provisions	217,605	-	-	-	-	-	-	-	-	217,605
Advances received	67,109,757	-	(4,941,646)	-	-	-	(3,839,515)	-	-	58,328,596
Preference shares dividends payable	567,740	-	-	-	-	-	-	-	-	567,740
Income tax payable	173,507	-	-	-	-	-	(18,790)	-	-	154,717
	119,878,516	-	(4,941,646)	-	(687,876)	-	(8,027,316)	-	-	106,221,678
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>136,449,829</b>	<b>(1,370,026)</b>	<b>(5,890,810)</b>	<b>(1,629,330)</b>	<b>-</b>	<b>-</b>	<b>(5,146,310)</b>	<b>(1,616,404)</b>	<b>(152,729)</b>	<b>120,644,220</b>



**3. Recalculation of comparative information, continue**
**(d) Consolidated statement of financial position as at 31 December 2018**

The items in the consolidated statement of financial position as at 31 December 2018 that contain errors and their recalculation are presented in the following table:

KZT'000	2018, before restated	Provision for expected credit losses	Recognition of revenue from contracts with customers	Share of income (losses) of joint ventures	Provisions for future payments	Retiring group	Deferred income tax recalculation	Other	2018, restated
<b>Non-current assets</b>									
Property, plant and equipment	23,232,514	-	-	-	-	(8,311,715)	-	(266,452)	14,654,347
Investment property	-	-	-	-	-	-	-	266,452	266,452
Intangible assets	344,220	-	-	-	-	20,435	-	(96,857)	267,798
Investments in subsidiaries, associates and joint ventures	4,803,769	-	-	(834,471)	-	3,586,780	-	-	7,556,078
Deferred tax asset	3,416,002	-	-	-	-	-	(610,316)	-	2,805,686
Loans receivable	-	(1,201,592)	-	-	-	-	-	3,020,333	1,818,741
Other non-current assets	2,005,836	-	-	-	-	(1,271,391)	-	-	734,445
	33,802,341	(1,201,592)	-	(834,471)	-	(5,975,891)	(610,316)	2,923,476	28,103,547
<b>Current assets</b>									
Inventories	18,374,644	-	(1,764,958)	-	-	(309,235)	-	(55,872)	16,244,579
Corporate income tax prepaid	359,907	-	-	-	-	(19,077)	-	-	340,830
Advances paid and other current assets	8,746,409	-	-	-	-	(1,861,760)	-	-	6,884,649
Trade and other receivables	4,061,646	-	74,225	-	-	(35,176)	-	(3,020,333)	1,080,362
Bank deposits	701,355	-	-	-	-	(21,843)	-	-	679,512
Cash and cash equivalents	12,014,459	-	-	-	-	(874,783)	-	-	11,139,676
	44,258,420	-	(1,690,733)	-	-	(3,121,874)	-	(3,076,205)	36,369,608
Assets held for sale	4,341,234	-	-	-	-	(35,977)	-	-	4,305,257
<b>TOTAL ASSETS</b>	<b>82,401,995</b>	<b>(1,201,592)</b>	<b>(1,690,733)</b>	<b>(834,471)</b>	<b>-</b>	<b>(9,133,742)</b>	<b>(610,316)</b>	<b>(152,729)</b>	<b>68,778,412</b>

**3. Recalculation of comparative information, continue**

	2018, before restated	Provision for expected credit losses	Recognition of revenue from contracts with customers	Share of income (losses) of joint ventures	Provisions for future payments	Retiring group	Deferred income tax recalculation	Other	2018, restated
<b>KZT'000</b>									
<b>Equity and reserves</b>									
Share capital	24,776,802	-	-	-	-	-	-	-	24,776,802
Additional paid in capital	841,018	-	-	-	-	-	-	(428,612)	412,406
Accumulated losses	(7,724,815)	(1,201,592)	238,487	(834,471)	(556,861)	1,874,257	(478,958)	324,926	(8,359,027)
Equity attributable to shareholders of the Company	17,893,005	(1,201,592)	238,487	(834,471)	(556,861)	1,874,257	(478,958)	(103,686)	16,830,181
Minority interests	661,904	-	-	-	-	-	-	133,570	795,474
	18,554,909	(1,201,592)	238,487	(834,471)	(556,861)	1,874,257	(478,958)	29,884	17,625,655
<b>Non-current liabilities</b>									
Borrowings	11,913,938	-	-	-	-	(1,452,105)	-	-	10,461,833
Preference shares dividends payable	136,722	-	-	-	222,057	-	-	-	358,779
Trade and other payables	3,236,550	-	-	-	334,804	1,012,784	-	(182,613)	4,401,525
Deferred tax liability	669,852	-	-	-	-	-	(131,358)	-	538,494
Deferred income - government grant	723,503	-	-	-	-	-	-	-	723,503
	16,680,565	-	-	-	556,861	(439,321)	(131,358)	(182,613)	16,484,134
<b>Current liabilities</b>									
Borrowings	17,930,107	-	-	-	-	735,535	-	-	18,665,642
Trade and other payables	12,282,415	-	-	-	-	(8,391,088)	-	-	3,891,327
Provisions	16,340,065	-	(1,929,220)	-	-	(2,892,662)	-	-	11,518,183
Advances received	545,390	-	-	-	-	-	-	-	545,390
Preference shares dividends payable	68,544	-	-	-	-	(20,463)	-	-	48,081
	47,166,521	-	(1,929,220)	-	-	(10,568,678)	-	-	34,668,623
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>82,401,995</b>	<b>(1,201,592)</b>	<b>(1,690,733)</b>	<b>(834,471)</b>	<b>-</b>	<b>(9,133,742)</b>	<b>(610,316)</b>	<b>(152,729)</b>	<b>68,778,412</b>

### 3. Recalculation of comparative information, continue

#### (e) Consolidated statement of cash flows for the year ended 31 December 2019

The items in the consolidated of cash flow for the year ended 31 December 2019 that contain errors and their recalculation are presented in the following table:

KZT'000	2019, before restated	Error when consolidating a retiring group	2019, restated
<b>Operating activities</b>			
Cash receipts from customers	144,472,164	(2,668,434)	141,803,730
Cash paid to employees	(8,717,018)	496,204	(8,220,814)
Other taxes and obligatory payments paid	(7,547,759)	2,278,088	(5,269,671)
Cash paid to suppliers	(123,241,220)	(4,852,467)	(128,093,687)
Interest received	699,780	-	699,780
Interest paid	(1,964,741)	332,453	(1,632,288)
Income tax paid	-	(493,543)	(493,543)
	<u>3,701,206</u>	<u>(4,907,699)</u>	<u>(1,206,493)</u>
<b>Investing activities</b>			
Purchases of property, plant and equipment	(3,350,968)	968,046	(2,382,922)
Proceeds from sale of property, plant and equipment	45,500	-	45,500
Proceeds from sale of shares in subsidiaries and associates	2,978,641	-	2,978,641
Purchases of intangible assets	(58,722)	58,722	-
Increasing the bank deposit	366,588	402,979	769,567
Loans issued	(78,377)	78,377	-
Dividends received	69,565	-	69,565
	<u>(27,773)</u>	<u>1,508,124</u>	<u>1,480,351</u>
<b>Financing activities</b>			
Equity issuance	1,500,000	-	1,500,000
Proceeds from borrowings	4,935,943	(163,076)	4,772,867
Repayment of borrowings	(6,118,630)	(671,242)	(6,789,872)
Dividends paid	(60,951)	-	(60,951)
	<u>256,362</u>	<u>(834,318)</u>	<u>(577,956)</u>
Net increase (decrease) in cash	3,929,795	(4,233,893)	(304,098)
Effect of exchange rate changes on cash	29,640	-	29,640
Cash and cash equivalents at the beginning of the year	12,014,459	(874,783)	11,139,676
<b>Cash and cash equivalents at the end of the year</b>	<b><u>15,973,894</u></b>	<b><u>(5,108,676)</u></b>	<b><u>10,865,218</u></b>

### 4. Segment information

The information provided to the Group's Board of Directors for allocating resources and evaluating segment performance is prepared in accordance with the management and operating structure of the Group. For management purposes, the Group is divided into two segments, as described below, according to the nature of their activities, products and services provided. According to IFRS 8 Operating Segments, each of these segments is a separate operating segment.

The Group's operating segments are represented by the Civilian and Dual-Use segments.

#### Dual-use products

This segment includes the Group's divisions specializing in the production of special products and dual-use products. Its main activity is the production of military equipment and equipment, components for them, repair and modernization services.

#### Civilian products

This segment includes the divisions of the Group specializing in the production of civilian goods. Its main activity is the production of equipment and the provision of engineering services for the oil and gas, transport, and other industries of the Republic of Kazakhstan.

#### 4. Segment information, continue

##### Management and valuation of operating segments

The key performance indicator of operating segments is revenue, as measured in accordance with IFRS 15. In addition, the valuation of operating segments is based on net income.

##### (a) Income and expenses

KZT'000	Dual-use products	Civilian products	Intra-grouping transactions	Total
<b>2020</b>				
<b>Revenues</b>	<b>100,433,865</b>	<b>16,770,572</b>	<b>(17,285,671)</b>	<b>99,918,766</b>
Depreciation and amortisation	(1,119,292)	(598,243)	–	(1,717,535)
Operating profit (loss)	2,704,913	566,273	(520,019)	2,751,167
<b>Profit for the year</b>	<b>2,286,602</b>	<b>75,714</b>	<b>(1,898,410)</b>	<b>463,906</b>
<b>2019</b>				
<b>Revenues</b>	<b>91,598,301</b>	<b>9,370,595</b>	<b>(13,234,850)</b>	<b>87,734,046</b>
Depreciation and amortisation	(935,592)	(386,575)	–	(1,322,167)
Operating profit (loss)	(2,568,357)	(440,669)	2,021,072	(987,954)
<b>Profit for the year</b>	<b>(4,730,894)</b>	<b>(728,180)</b>	<b>(1,438,183)</b>	<b>(6,897,257)</b>

##### (b) Capital expenditures

KZT'000	Dual-use products	Civilian products	Total
<b>2020</b>			
Capital expenditures	1,930,672	652,800	2,583,472
<b>2019</b>			
Capital expenditures	1,589,719	620,795	2,210,514

##### (c) Assets and liabilities

KZT'000	Dual-use products	Civilian products	Intra-grouping balances	Total
<b>2020</b>				
Assets except for investments accounted for under the equity method	132,432,453	20,704,259	(17,116,259)	136,020,453
Investments accounted for under the equity method	7,165,569	–	–	7,165,569
Liabilities	(110,034,934)	(10,829,323)	20,110,793	(100,753,464)
<b>2019</b>				
Assets except for investments accounted for under the equity method	127,244,359	11,389,823	(25,014,233)	113,619,949
Investments accounted for under the equity method	7,024,271	–	–	7,024,271
Liabilities	(131,555,349)	(7,724,031)	30,819,157	(108,460,223)

#### 5. Revenues

The item includes income from the production of military equipment and equipment, component materials for them, repair and modernization services, as well as equipment and the provision of engineering services for the oil and gas, transport and other industries of the Republic of Kazakhstan under contracts with fixed prices.

## 5. Revenues, continue

Detailed information on revenue from contracts with customers was as follows:

KZT'000	2020	2019, restated
<b>Performance obligation in time</b>		
Goods and services are transferred at a certain point in time	29,114,311	17,739,811
Goods and services are transferred during the period	70,804,455	69,994,235
	<b>99,918,766</b>	<b>87,734,046</b>
<b>Balance of contract assets and liabilities</b>		
Contract assets	1,529,678	1,304,319
<b>Transaction price allocated to the unsatisfied performance obligations</b>		
Within one year	35,610,471	12,208,928
More than one year	8,132,000	-
	<b>43,742,471</b>	<b>12,208,928</b>

Contract assets are disclosed as part of trade and other receivables in note 18.

## 6. Cost of sales

KZT'000	2020	2019, restated
Supplies	56,365,443	36,566,492
Contractor services	21,136,500	37,318,151
Salary and related taxes	8,557,422	7,975,414
Depreciation and amortisation	1,489,365	1,115,037
Other	358,022	342,428
	87,906,752	83,317,522
Change in finished goods and work in progress	897,013	(1,213,303)
	<b>88,803,765</b>	<b>82,104,219</b>

## 7. Selling and distribution costs

KZT'000	2020	2019, restated
Salary and related taxes	484,652	371,956
Transportation expenses	157,640	143,486
Travel and representation expenses	109,841	126,668
Contractor services	105,236	105,018
Depreciation and amortisation	14,349	15,323
Other	397,657	248,255
	<b>1,269,375</b>	<b>1,010,706</b>

## 8. Administrative expenses

KZT'000	2020	2019, restated
Salary and related taxes	2,724,731	2,028,588
Contractor services	584,154	593,627
Other taxes	358,893	337,392
Depreciation and amortisation	213,821	191,807
Travel and representation expenses	106,427	167,118
Other	666,924	885,236
	<b>4,654,950</b>	<b>4,203,768</b>

## 9. Impairment losses, net

The item includes (losses) recovery of impairment losses for the following items:

KZT'000	2020	2019, restated
Loans receivable	91,869	23,005
Inventories	(3,110,046)	(351,332)
Advances paid and other current assets	(766,157)	(1,346,082)
Trade and other receivables	94,576	(252,686)
Restricted cash	(250,067)	-
	<b>(3,939,825)</b>	<b>(1,927,095)</b>

## 10. Other operating income, net

The item includes income (losses) on the following operations:

KZT'000	2020	2019, restated
Accrual of penalties and fines, net	(1,620,391)	256,684
Write-off of liabilities	421,871	-
Disposal of non-current assets, net	2,698,836	267,104
	<b>1,500,316</b>	<b>523,788</b>

Penalties and fines for 2020 includes the expenses for provisions for the settlement of savings under contracts with customers in the amount of KZT 1,430,932 thousand, penalties on overdue loans in the amount of KZT 460,796 thousand, the taxes in the amount of KZT 118,783 thousand, and revenues of the penalty for breach of KazEng Electronics LLP first share transfer contract in the amount of KZT 390,120 thousand.

Income from the write-off of liabilities includes income from the write-off of accounts payable of the subsidiary to suppliers, including KZT 417,592 thousand under the contract for the supply of a mobile drilling rig dated October 2014, under which the limitation period expired.

Gain on disposal of long-term assets include income from the sale of shares in Kazakhstan aviation industry LLP in the amount of KZT 1,333,664 thousand, as disclosed in Note 20, as well as losses from the sale of shares in KAMAZ – Engineering JSC in the amount of KZT 407,080 thousand, as well as income from the sale of fixed assets in the amount of KZT 1,339,798 thousand and others.

## 11. Finance expenses, net

KZT'000	2020	2019, restated
<b>Finance income</b>		
Interest income on loans receivable	166,106	166,350
Unwinding of discount on loans receivable	174,393	149,116
Unwinding of discount on provisions	21,820	1,527
Discount on borrowings	200,850	-
Interest income on deposits	1,266,210	737,129
Government grant	452,876	455,392
Recovery of discount on loans receivable	123,394	-
	<b>2,405,649</b>	<b>1,509,514</b>
<b>Finance expenses</b>		
Interest expense on borrowings	(4,056,237)	(3,831,437)
Unwinding of discount on borrowings	(452,876)	(455,392)
Unwinding of discount on provisions	(23,879)	(42,563)
Preference shares dividends	(192,131)	(50,314)
Accrual of discount on loans issued	-	(61,416)
	<b>(4,725,123)</b>	<b>(4,441,122)</b>
	<b>(2,319,474)</b>	<b>(2,931,608)</b>

## 12. Income tax

### (a) Income tax expenses

The major components of income tax expense are as follows:

KZT'000	2020	2019, restated
Income tax	(1,192,928)	(603,423)
Origination and reversal of temporary differences	882,242	(1,882,583)
<b>Income tax expense</b>	<b>(310,686)</b>	<b>(2,486,006)</b>

A reconciliation of income tax expense applicable to accounting profit (loss) before tax at the statutory rate to income tax expense at the effective tax rate is as follows:

KZT'000	2020	2019, restated
<b>Profit (loss) before tax</b>	<b>774,592</b>	<b>(4,411,251)</b>
Income tax rate	20.0%	20.0%
At statutory income tax rate	(154,918)	882,250
Non-deductible expenses	(151,614)	(3,341,262)
Recognition of previously unrecognised deferred tax assets	(4,154)	(26,994)
<b>Income tax expense</b>	<b>(310,686)</b>	<b>(2,486,006)</b>
Effective income tax rate	-40.1%	56.4%

### (6) Deferred tax asset (liability)

The amounts of deferred tax assets (liabilities) are as follows:

KZT'000	2020	2019, restated
Property, plant and equipment	(1,518,123)	(1,466,801)
Loans receivable	140,246	218,177
Trade and other receivables	46,353	(110,037)
Restricted cash	52,777	-
Borrowings	(40,170)	-
Provisions and taxes payable	705,680	84,607
Inventories	1,069,936	493,712
Tax losses carried forward	827,750	1,191,945
	<b>1,284,449</b>	<b>411,603</b>
Unrecognised deferred tax assets	(31,148)	(26,994)
	<b>1,253,301</b>	<b>384,609</b>
Deferred tax asset	1,687,015	887,475
Deferred tax liability	(433,714)	(502,866)

Deferred tax asset has not been recognised in respect of the tax losses carried forward amounting KZT 31,148 thousand (2019: KZT 26,994 thousand), because management is uncertain whether sufficient future taxable profit will be available to the Group entities to allow the losses to be recovered. Tax losses can be transferred against future taxable profits for the next ten years inclusive for repayment at the expense of taxable income of these tax periods.

Movement in deferred tax asset (liability) is as follows:

KZT'000	2020	2019, restated
At 1 January	384,609	2,267,192
Credited (charged) to profit or loss	882,242	(1,882,583)
Additions of entities under common control	(13,550)	-
<b>At 31 December</b>	<b>1,253,301</b>	<b>384,609</b>

### 13. Property, plant and equipment

KZT'000	Land and buildings	Machinery and equipment	Other	Construction in progress	Total
<b>Cost</b>					
At 1 January 2019, restated	10,664,291	11,914,598	1,264,250	132,226	23,975,365
Additions, restated	198,487	1,852,310	95,104	3,030,889	5,176,790
Transfers	67,401	1,620,093	78,898	(1,766,392)	-
Disposals	(9,257)	(679,397)	(127,079)	(59,243)	(874,976)
At 31 December 2019, restated	10,920,922	14,707,604	1,311,173	1,337,480	28,277,179
Additions	1,500	443,507	52,070	5,824,533	6,321,610
Additions of entities under common control	1,392,342	1,017,961	208,260	19,629,575	22,248,138
Transfers	1,471,805	1,264,795	(25,544)	(2,711,056)	-
Transfer to assets held for sale	(104,106)	-	-	-	(104,106)
Disposals	(751,884)	(400,026)	(27,531)	(10,590)	(1,190,031)
At 31 December 2020	12,930,579	17,033,841	1,518,428	24,069,942	55,552,790
<b>Depreciation</b>					
At 1 January 2019, restated	2,266,962	6,329,917	724,139	-	9,321,018
Depreciation charge	281,480	841,618	111,540	-	1,234,638
Disposals	(8,328)	(536,871)	(96,340)	-	(641,539)
At 31 December 2019, restated	2,540,114	6,634,664	739,339	-	9,914,117
Additions of entities under common control	147,023	491,344	139,189	-	777,556
Depreciation charge	376,901	1,166,869	125,979	-	1,669,749
Transfers	(12,840)	139,093	(126,253)	-	-
Transfer to assets held for sale	(23,359)	-	-	-	(23,359)
Disposals	(47,942)	(338,359)	(24,192)	-	(410,493)
At 31 December 2020	2,979,897	8,093,611	854,062	-	11,927,570
<b>Net book value</b>					
At 1 December 2019	<b>8,380,808</b>	<b>8,072,940</b>	<b>571,834</b>	<b>1,337,480</b>	<b>18,363,062</b>
At 31 December 2020	<b>9,950,682</b>	<b>8,940,230</b>	<b>664,366</b>	<b>24,069,942</b>	<b>43,625,220</b>

#### Assets acquired on a long-term lease

As of 31 December 2020, the current value of plant and equipment acquired on long-term leases amounted to KZT 223,504 thousand (2019: KZT 341,116 thousand). There is no revenue from the machinery and equipment acquired under the lease. The leased assets are collateral for the lease.

#### Collateral

Property, plant, and equipment with a carrying amount of KZT 1,547,350 thousand (2019: KZT 553,391 thousand) serve as collateral for loans of the Group (see Note 22). The Group cannot sell these assets or pledge them to secure other loans.

### 14. Investments in joint ventures and associates

	2020				2019, restated
	Ownership interest		Ownership interest		
	Net book value	Net book value	Net book value	Net book value	
«Kazakhstan aviation industry» LLP	50%	1,246,378	50%	1,393,702	
«Kazakhstan ASELSAN Engineering» LLP	50%	3,869,364	50%	2,956,627	
«Eurocopter Kazakhstan Engineering» LLP	50%	2,034,006	50%	1,746,540	
«KAMAZ-Engineering»	0%	-	25%	927,402	
Other		15,821		-	
		<b>7,165,569</b>		<b>7,024,271</b>	



## 14. Investments in joint ventures and associates, continue

### Movement of investments

KZT'000	2020	2019, restated
At 1 January	7,024,271	7,556,078
Additions of entities under common control	16,468	–
Share of profits (losses)	1,171,596	(462,242)
Dividends received	(119,365)	(69,565)
Disposals	(927,401)	–
<b>At 31 December</b>	<b>7,165,569</b>	<b>7,024,271</b>

### Information about the financial situation

KZT'000	Kazakhstan Aviation Industry LLP	Kazakhstan ASELSAN Engineering LLP	Eurocopter Kazakhstan Engineering LLP
<b>2020</b>			
<b>ASSETS</b>			
Non-current assets	7,207,953	7,665,044	1,475,072
Current assets	12,284,751	6,126,621	4,817,928
including cash and cash equivalents	3,677,978	2,608,226	1,948,035
<b>LIABILITIES</b>			
Non-current liabilities	(722,536)	(1,296,547)	(52,373)
including finance liabilities	(576,976)	–	–
Current liabilities	(16,277,413)	(4,756,389)	(2,172,614)
including finance liabilities	(3,791,528)	–	–
<b>2019</b>			
<b>ASSETS</b>			
Non-current assets	7,539,971	7,908,978	1,512,438
Current assets	10,708,834	6,449,927	4,542,449
including cash and cash equivalents	5,092,245	704,141	2,035,525
<b>LIABILITIES</b>			
Non-current liabilities	(204,559)	(758,906)	–
including finance liabilities	–	–	–
Current liabilities	(15,256,842)	(7,686,745)	(2,561,808)
including finance liabilities	(3,617,666)	–	–

## 14. Investments in joint ventures and associates, continue

### Information about income and expenses

KZT'000	Kazakhstan Aviation Industry LLP	Kazakhstan ASELSAN Engineering LLP	Eurocopter Kazakhstan Engineering LLP
<b>2020</b>			
Revenues	7,349,888	16,575,787	7,368,368
Depreciation and amortisation	(432,634)	(363,560)	(183,369)
Interest income	–	5,600	925
Interest expense	(227,234)	–	–
Income tax expense	58,378	(31,654)	276,154
(Loss) profit for the year	(294,649)	1,825,475	813,664
Other comprehensive income for the year	–	–	–
Total comprehensive (expense) income for the year	(294,649)	1,825,475	813,664
<b>2019</b>			
Revenues	22,724,414	5,352,935	1,899,603
Depreciation and amortisation	(428,969)	(336,978)	(168,140)
Interest income	–	4,780	–
Interest expense	(170,860)	–	(16,629)
Income tax expense	(106,834)	(3,465)	(52,373)
(Loss) profit for the year	(975,329)	(238,071)	100,512
Other comprehensive income for the year	–	–	–
Total comprehensive (expense) income for the year	(975,329)	(238,071)	100,512

## 15. Restricted cash

KZT'000	2020	2019
Nominal amount	3,911,069	–
Allowance for expected credit losses	(250,067)	–
	<b>3,661,002</b>	–
Non-current	2,839,589	–
Current	821,413	–

The item includes targeted undeveloped funds from the state budget within the framework of investment projects.

## 16. Inventories

KZT'000	2020	2019, restated
Raw and materials	16,465,211	12,234,866
Finished goods	4,522,279	5,419,292
Construction materials	567,784	206,402
	21,555,274	17,860,560
Allowance for obsolete inventories	(5,588,514)	(2,656,851)
	<b>15,966,760</b>	<b>15,203,709</b>
Non-current	313,228	313,227
Current	15,653,532	14,890,482

Non-current inventory consists of components of special military equipment that will be used for more than 12 months after the reporting date.

## 16. Inventories, continue

Movement in the allowance for obsolete inventories is as follows:

KZT'000	2020	2019, restated
At 1 January	2,656,851	2,384,210
Additions of entities under common control	22,398	–
Accrued	3,110,046	351,332
Written off	(200,781)	(78,691)
<b>At 31 December</b>	<b>5,588,514</b>	<b>2,656,851</b>

## 17. Advances paid and other current assets

KZT'000	2020	2019, restated
Advances paid	29,742,754	56,265,076
VAT reclaimable	1,445,203	892,888
Other taxes prepaid	197,409	93,375
Other	1,253,224	513,908
	32,638,590	57,765,247
Allowance for impairment of assets	(2,496,359)	(1,778,165)
	<b>30,142,231</b>	<b>55,987,082</b>
Non-current	1,527,685	225,529
Current	28,614,546	55,761,553

Movement in the allowance for doubtful assets is as follows:

KZT'000	2020	2019, restated
At 1 January	1,778,165	558,215
Accrued	766,157	1,346,082
Written off	(47,963)	(126,132)
<b>At 31 December</b>	<b>2,496,359</b>	<b>1,778,165</b>

## 18. Trade and other receivables

KZT'000	2020	2019, restated
Trade receivables	4,649,044	2,632,635
Contract assets	1,529,678	1,304,319
Other	1,031,625	1,055,351
	7,210,347	4,992,305
Allowance for expected credit losses	(423,547)	(536,043)
	<b>6,786,800</b>	<b>4,456,262</b>
Non-current	14,590	12,509
Current	6,772,210	4,443,753

Movement in the allowance for expected credit losses is as follows:

KZT'000	2020	2019, restated
At 1 January	536,043	326,798
(Recovered) accrued	(94,576)	252,686
Written off	(17,920)	(43,441)
<b>At 31 December</b>	<b>423,547</b>	<b>536,043</b>

## 19. Cash and cash equivalents

KZT'000	2020	2019, restated
Cash deposits with maturities of less than three months	21,109,355	139,218
Cash at bank	9,558,905	10,710,152
Petty cash	29,837	15,848
	<b>30,698,097</b>	<b>10,865,218</b>

## 20. Assets held for sale

KZT'000	2020	2019, restated
At 1 January	4,305,257	4,305,257
Transfer from property, plant and equipment	80,748	-
Disposals	(4,281,614)	-
<b>At 31 December</b>	<b>104,391</b>	<b>4,305,257</b>

The disposal includes the transfer of legal rights to a 50% interest in Kazakhstan Aviation Industry LLP after full payment of the cost under the contract dated July 2018.

## 21. Equity

### (a) Share capital

As of 31 December 2020, the declared, issued, and fully paid share capital of the Company consists of 57,118,832 ordinary shares (2019: 26,276,802) with a par value of 1,000 KZT each. At the same time, a non-cash payment of 888,505 shares for 2020 was not registered.

During 2020 the Company issued 30,842,030 ordinary shares (2019: 1,500,000) with a par value of 1,000 KZT each, which were acquired by the sole shareholder. Cash proceeds from the issue of shares amounted to KZT 2,715,570 thousand (2019: KZT 1,500,000 thousand). Non-cash settlement for shares included payment for the issue of shares by transferring material assets for KZT 280,529 thousand and transfer of shares of Kaztechnology JSC amounting to 27,845,931 thousand KZT, as specified in note 21 (e) (2019: zero).

### (b) Dividends

In 2020, subsidiaries declared dividends to non-controlling shareholders for KZT 50,464 thousand (2019: KZT 39,683 thousand). The guaranteed amount of dividends on preferred shares of subsidiaries in the amount of KZT 192,131 thousand (2019: KZT 50.314 thousand) was included in financial expenses (see note 11).

### (c) Earnings (loss) per share

Basic earnings (losses) per share is determined by dividing net income (losses) for the year, intended for holders of ordinary shares, by the weighted average number of ordinary shares outstanding during the period.

KZT'000 (unless otherwise stated)	2020	2019, restated
Profit (loss) for the year	463,906	(6,897,257)
Average number of ordinary shares, pieces	50,383,329	26,033,670
<b>Basic and diluted earnings (loss) per share, tenge</b>	<b>9.21</b>	<b>(264.94)</b>

## 21. Equity, continue

### (d) Book value of share

The book value of the share is calculated in accordance with the requirement of the listing rules of the Kazakhstan Stock Exchange. As of December 31, the share price was presented as follows:

KZT'000 (unless otherwise stated)	2020	2019, restated
<b>Assets</b>	143,186,022	120,644,220
Intangible assets	(314,028)	(337,339)
<b>Liabilities</b>	(100,753,464)	(108,460,223)
<b>Net assets</b>	42,118,530	11,846,658
Number of ordinary shares, pieces	50,383,329	26,276,802
<b>Book value of share, tenge</b>	<b>835.96</b>	<b>450.84</b>

### (e) Additions of entities under common control

In October 2019, the Government of the Republic of Kazakhstan adopted a resolution on the transfer of the Group of 100% shares of Kaztechnology JSC as payment for the issue of shares of the Company. Also in 2020, the Group terminated the contract of transfer of shares in KazEng Electronics LLP for violation of the schedule of payments for 2019. Group classified the transaction as revenue from organizations, entities under common control.

Due to obtaining the legal rights, the Group acquired control over these facilities from January 2020. The items in the statements of the financial position of the above entities as at the specified date are presented in the following table.

KZT'000	Kaztechnology JSC	KazEng Electronics LLP	Total
<b>Assets</b>			
Non-current assets	20,882,801	592,413	21,475,214
Current assets	8,231,866	486,098	8,717,964
	<b>29,114,667</b>	<b>1,078,511</b>	<b>30,193,178</b>
<b>Equity</b>			
Share capital	27,901,413	786,311	28,687,724
Accumulated losses	(903,726)	(103,185)	(1,006,911)
	<b>26,997,687</b>	<b>683,126</b>	<b>27,680,813</b>
<b>Liabilities</b>			
Non-current liabilities	62,636	-	62,636
Current liabilities	2,054,344	395,385	2,449,729
	<b>2,116,980</b>	<b>395,385</b>	<b>2,512,365</b>
	<b>29,114,667</b>	<b>1,078,511</b>	<b>30,193,178</b>

## 22. Borrowings and finance lease

KZT'000	Maturity	Interest rate	2020	2019, restated
<b>Borrowings</b>				
Halyk Bank of Kazakhstan JSC	2021	12-13%	22,855,091	21,798,184
ATF Bank JSC	2021	12-13%	375,502	2,581,557
Samruk-Kazyna Sovereign Wealth Fund	2021	4%	5,588,433	5,375,315
			<b>28,819,026</b>	<b>29,755,056</b>
<b>Finance lease</b>				
Industrial Development Fund JSC	2021	5%	106,996	235,502
			<b>28,926,022</b>	<b>29,990,558</b>
Non-current			-	628,964
Current			<b>28,926,022</b>	<b>29,361,594</b>

## 22. Borrowings and finance lease, continue

In 2013, the company issued Eurobonds for 200,000 thousand US dollars to finance the investment programs of affiliated enterprises. Due to the devaluation of the national currency in 2016, the Company refinanced the said debt through the credit line of Halyk Bank of Kazakhstan JSC (hereinafter –“Bank”) for KZT 26,200,000 thousand. In December 2020, the bank restructured the overdue interest into principal debt in the amount of KZT 6,554,807 thousand for a period until March 1, 2021, at a reduced interest rate. This loan was discounted at a rate of 11.3% to the net present value of future cash flows, which reflects the fair value of the loan as of the date of issue. The corresponding discount during initial recognition was recognized as finance income in the income statement. In May 2021, the Group signed an additional agreement and extended the maturity of the loan and accrued interests to 1 on August 2021.

### Movement of borrowings and finance lease

KZT'000	2020	2019, restated
<b>Nominal amount</b>		
At 1 January	29,990,558	29,850,978
Proceeds	4,228,378	4,772,867
Repayment of principal	(8,223,443)	(6,789,872)
Interest accrued	4,056,237	3,831,437
Interest paid	(218,759)	(1,632,288)
Non-cash transactions	(891,899)	(42,564)
Additions of entities under common control	185,800	–
At 31 December	<b>29,126,872</b>	<b>29,990,558</b>
<b>Discount at initial recognition</b>		
At 1 January	–	(723,503)
Accrued (reversed)	(200,850)	723,503
At 31 December	<b>(200,850)</b>	<b>–</b>
<b>Net book value</b>	<b>28,926,022</b>	<b>29,990,558</b>

### Income on Government Grants

In July 2017, the company received interest-free financial assistance for KZT 5,300,000 thousand from Samruk – Kazyna Sovereign Wealth Fund JSC for repayment of overdue loans. In July 2018, the credit agreement was signed, which set the rate to 4.0 % per annum and a revised schedule of repayment until December 2021. The company failed to meet the schedule of payments and in 2019, the debt was transferred to short-term liabilities. The effect of benefits received from this loan, provided under the state program, at an interest rate below the market, in the amount of KZT 452,876 thousand for 2020 (2019: KZT 455,392 thousand) has been accounted for as finance costs (see. note 11 ).

### Loan collateral

Property, plant, and equipment with a carrying amount of KZT 1,547,350 thousand (2019: KZT 553,391 thousand) serve as collateral loans of the Group.

## 23. Trade and other payables

KZT'000	2020	2019, restated
Trade payables	7,300,561	15,081,819
Preference shares dividend provision	1,030,958	969,379
Other	401,543	906,411
Financial instruments within trade payables	8,733,062	16,957,609
Other taxes and mandatory payments payable	4,729,265	1,340,932
	<b>13,462,327</b>	<b>18,298,541</b>
Non-current	285,869	707,115
Current	13,176,458	17,591,426

Other taxes and mandatory payments as of 31 December 2020 primarily include VAT, taxes, and payments on wages and salaries. The main part of the obligation was for the 4 quarter of 2020 and was repaid in February 2021.

## 24. Provisions

KZT'000	2020	2019, restated
Settlement of return of savings under contracts with customers	1,964,204	–
Penalties for overdue loans	460,796	–
Warranty obligations under contracts with customers	436,164	217,605
Financial instruments within provisions	2,861,164	217,605
Penalties for tax obligations	118,783	–
	<b>2,979,947</b>	<b>217,605</b>

## 25. Advances received

The item includes advances received under contracts with customers for the performance of works and the supply of finished products.

## 26. Reconciliation of profit (loss) before taxation to cash flows from operating activities

KZT'000	Note	2020	2019, restated
<b>Profit (loss) before taxation</b>		<b>774,592</b>	<b>(4,411,251)</b>
Adjustments for:			
Impairment losses, net	9	3,939,825	1,927,095
Finance expenses, net	11	2,319,474	2,931,608
Depreciation and amortisation		1,717,535	1,322,167
(Gain) loss on disposal of non-current assets		(11,708)	233,437
Share of net assets of associates		(1,171,596)	462,242
Unrealised foreign exchange loss (gain)		828,697	29,447
<b>Operating cash flows before changes in working capital</b>		<b>8,396,819</b>	<b>2,494,745</b>
(Increase) decrease in inventories		(1,685,756)	1,002,765
Decrease (increase) in prepayments and other current assets		28,423,588	(50,222,986)
Increase in trade and other receivables		(1,824,133)	(3,268,815)
Decrease in restricted cash		(3,911,069)	–
Increase (decrease) in provisions		2,762,342	(217,605)
(Decrease) increase in advances received		(6,253,237)	46,810,413
(Decrease) increase in trade and other payables		(4,946,039)	3,621,041
<b>Cash flows from operations before interest and income tax paid</b>		<b>20,962,515</b>	<b>219,558</b>

### Non-cash transactions

There were the following non-cash transactions:

KZT'000	Note	2020	2019
Transfer of shares of organizations under common control	21(a)	27,845,931	–
Contributions into share capital	21(a)	280,529	–
Offset of loans issued against trade payables		(550,044)	–
Recognition of discount on loans issued		123,394	(61,416)
Recognition (reversal) of the discount on borrowings	22	(200,850)	723,503
Offset of borrowings against trade receivables	22	(891,899)	(42,564)

## 27. Financial instruments and financial risk management objectives and policies

### (a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

**27. Financial instruments and financial risk management objectives and policies, continue**

Management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Management oversees compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

**(b) Categories and fair values of financial assets and financial liabilities**

**Categories of financial assets and financial liabilities**

KZT'000	Note	2020	2019, restated
<b>Financial assets at amortised costs</b>			
Loans receivable		2,101,514	2,095,796
Restricted cash	15	3,661,002	–
Trade and other receivables	18	6,786,800	4,456,262
Bank deposits		51,333	314,547
Cash and cash equivalents	19	30,698,097	10,865,218
		<b>43,298,746</b>	<b>17,731,823</b>
<b>Financial assets at amortised costs</b>			
Borrowings	22	(28,926,022)	(29,990,558)
Trade and other payables	23	(8,733,062)	(16,957,609)
Provisions	24	(2,861,164)	(217,605)
Preference shares dividends payable		(1,224,707)	(967,340)
		<b>(41,744,955)</b>	<b>(48,133,112)</b>

**Fair values**

The fair values of each category of financial asset and liability are not materially different from their carrying values as presented.

**(c) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises mainly from the Group's loans receivable to related parties, trade receivables and cash. The carrying value of financial assets represents the maximum credit risk exposure.

The maximum exposure to credit risk at 31 December was:

KZT'000	2020	2019, restated
Loans receivable	2,101,514	2,095,796
Restricted cash	3,661,002	–
Trade and other receivables	6,786,800	4,456,262
Bank deposits	51,333	314,547
Cash (less petty cash)	30,668,260	10,849,370
	<b>43,268,909</b>	<b>17,715,975</b>

**Loans receivable**

The Group's loans receivable are represented by receivables from the associated company. In making decision to provide such loans, the Group performs an analysis to ensure that the overall credit exposure on these loans does not exceed the distributable reserves of the Group.

The Group's exposure to credit risk relates entirely to Kazakhstan debtors.



## 27. Financial instruments and financial risk management objectives and policies, continue

The allowance for impairment of loans receivable is created at loan issuance, which is a calculated estimate of the amount of expected credit losses. The analysis of expected losses rate by the terms of occurrence as of December 31 is presented below:

KZT'000	2020	2019, restated
Past due	2,802,745	3,186,683
Expected loss rate	25%	34%
Impairment	(701,231)	(1,090,887)

### Trade receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. These trade receivables relate to customers that make payment in instalments. The Group regularly monitors its exposure to bad debts in order to minimise this exposure.

The Group's exposure to credit risk relates entirely to Kazakhstan customers.

In 2020, 100% (2019: 100%) of the Company's revenues came from state defense orders. Dependence on these customers is significant, and the potential negative consequences in case of its loss might be significant.

The Group creates an allowance for impairment of trade receivables, which represents its estimate of expected credit losses. The ageing of trade receivables at 31 December was:

KZT'000	Gross	Expected loss rate	Impairment
<b>2020</b>			
Not past due	5,072,375	2%	80,031
Past due 0-90 days	447,888	4%	19,986
Past due 91-180 days	198,454	56%	111,632
Past due 181-270 days	257,625	0%	518
More than 270 days	1,234,005	17%	211,380
	<b>7,210,347</b>	<b>6%</b>	<b>423,547</b>
<b>2019, restated</b>			
Not past due	1,681,807	4%	60,773
Past due 0-90 days	197,740	74%	147,080
Past due 91-180 days	263,484	45%	117,588
Past due 181-270 days	81,576	0%	–
More than 270 days	2,767,698	8%	210,602
	<b>4,992,305</b>	<b>11%</b>	<b>536,043</b>

### Cash and bank deposits

Credit risk related to cash and bank deposits is monitored by management in accordance with the policies of the Company. Free funds are held with banks in Kazakhstan with following ratings of Fitch Ratings:

KZT'000	2020	2019, restated
Rating «BBB-»	26,365,950	4,299,542
Ratings from «BB+» to «BB-»	4,028,355	235,900
Ratings from «B+» to «B-»	4,234,422	6,626,871
Without ratings	1,935	1,604
	<b>34,630,662</b>	<b>11,163,917</b>
Impairment	250,067	–
Expected loss rate	1%	0%

The purpose of this policy is to reduce concentration of credit risk and minimise possible financial loss due to banks' failure to meet their contractual obligations. The possible provision for cash impairment at the reporting dates was insignificant.

## 27. Financial instruments and financial risk management objectives and policies, continue

### (d) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring continuity of funding and flexibility through the use of bank loans and purchases on credit.

#### Maturity of financial liabilities

The table below provides an analysis of the Group's financial liabilities to be settled on a gross basis by relevant maturity groups from the balance sheet date to the contractual settlement date:

KZT'000	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>2020</b>						
Borrowings and finance lease	–	–	28,926,022	200,850	–	29,126,872
Preference shares dividends payable	374,988	–	50,256	155,354	776,769	1,357,367
Trade and other payables	103,061	7,832,641	760,398	79,549	157,568	8,933,217
Provisions	–	2,861,164	–	–	–	2,861,164
	<b>478,049</b>	<b>10,693,805</b>	<b>29,736,676</b>	<b>435,753</b>	<b>934,337</b>	<b>42,278,620</b>
<b>2019, restated</b>						
Borrowings and finance lease	–	–	29,361,594	628,964	–	29,990,558
Preference shares dividends payable	374,857	–	38,838	155,354	776,769	1,345,818
Trade and other payables	7,069,892	8,825,814	1,167,233	53,391	135,576	17,251,906
Provisions	–	217,605	–	–	–	217,605
	<b>7,444,749</b>	<b>9,043,419</b>	<b>30,567,665</b>	<b>837,709</b>	<b>912,345</b>	<b>48,805,887</b>

Loans and finance leases include expected future interest payments calculated on the basis of interest rates effective at the reporting date. Dividends on preferred shares payable includes provisions for future payments for 25 years are presented on an undiscounted gross basis.

### (e) Price risk

The Group is not exposed to market risk as it concludes contracts without price change adjustment for goods (services) after their sale.

### (f) Interest rate risk

At the reporting dates the Group is not exposed to interest rate risk as there are no financial instruments with floating interest rates.

### (g) Currency risk

The Group is not exposed to currency risk as at the reporting dates there are no significant financial instruments denominated in foreign currencies.

The exposure of the Group's financial assets and liabilities to interest rate risk was as follows:

KZT'000	USD	RUB	EUR
<b>2020</b>			
Trade and other receivables	776,693	322,972	7,226
Cash and cash equivalents	166,889	1,175,854	483,506
Trade and other payables	(2,339,944)	(1,085,928)	(220,135)
	<b>(1,396,362)</b>	<b>412,898</b>	<b>270,597</b>
<b>2019, restated</b>			
Trade and other receivables	808,575	562,110	(24,131)
Cash and cash equivalents	1,109,775	349,201	421,196
Trade and other payables	(2,880,369)	(1,341,394)	(169,567)
	<b>(962,019)</b>	<b>(430,083)</b>	<b>227,498</b>

#### Sensitivity analysis

A 10% weakening of tenge against the following currencies as at 31 December would have increased (decreased) income after tax by the amounts shown below. This analysis assumes that all other variables remain constant.

**27. Financial instruments and financial risk management objectives and policies, continue**

KZT'000	2020	2019, restated
USD	(111,709)	(76,962)
EUR	21,648	18,200
RUB	33,032	(34,407)

A 10% strengthening of tenge against the above currencies as at 31 December would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**(h) Capital management**

The overriding objectives of the Group's capital management policy are to safeguard and support the business as a going concern and to maintain an optimal capital structure with a view to maximising returns to owners and benefits to other stakeholders by reducing the Group's cost of capital. The Group's overall policy remains unchanged from 2019.

**28. Commitments and contingencies**

**(a) Kazakhstan's taxation contingencies**

**Inherent uncertainties in interpreting tax legislation**

The Group is subject to uncertainties relating to the determination of its tax liabilities. Kazakhstan tax legislation and practice are in a state of continuous development and, therefore, are subject to varying interpretations and changes which may be applied retrospectively.

Management interpretations of such legislation in applying it to business transactions of the Group may be challenged by the relevant tax authorities and, as a result, the Group may be claimed for additional tax payments, including fines, penalties and interest charges that could have a material adverse effect on the Group's financial position and results of operations.

**Period for additional tax assessments**

Tax authorities in Kazakhstan have the right to raise additional tax assessments for three or five years after the end of the relevant tax period, depending on the taxpayer category or tax period. In certain cases, as determined by the tax legislation, the terms could be extended for three years.

**Possible additional tax liabilities**

Management believes that the Group is in compliance with the tax laws and any contractual terms entered into that relate to tax which affect its operations and that, consequently, no additional tax liabilities will arise. However, due to the reasons set out above, the risk remains that the relevant tax authorities may take a differing position with regard to the interpretation of contractual provisions or tax law.

The resulting effect of this matter is that additional tax liabilities may arise. However, due to the range of uncertainties described above in assessing any potential additional tax liabilities, it is not practicable for management to estimate the financial effect in terms of the amount of additional tax liabilities, if any, together with any associated penalties and charges for which the Group may be liable.

**(b) Insurance**

The insurance industry in Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. Available insurance programs may not provide full coverage in the event of a major loss.

**(c) Legal commitments**

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a materially adverse effect on the financial condition or results of operations of the Group. As at 31 December 2020, the Group was not involved in any significant legal proceedings.

**(d) Capital expenditure commitments**

The Group has capital expenditure commitments for the purchase of property, plant and equipment. The total commitments for property, plant and equipment as at 31 December 2020 amounted to KZT 2,583,472 thousand.

## 29. Related party disclosures

Related parties include the following:

- Key executives
- Joint ventures and associates.
- State bodies and organizations.

### (a) Management remuneration

KZT'000	2020	2019
Number of officials	417,652	321,197
Short-term employee benefits	58	50

Rewards received by key executives are included in personnel costs of administrative expenses (see note 8)

### (b) Transactions with related parties

The Company had the following transactions and balances with joint ventures and associates

KZT'000	2020	2019
<b>Transactions</b>		
Purchases	(448,222)	(22,387,131)
Loans issued and accrued interest	166,106	166,350
<b>Outstanding balances</b>		
Loans and accounts receivable	5,790,011	13,835,248
Provisions for doubtful debts	(701,231)	(1,090,887)
Borrowings and accounts payable	(2,923,985)	(96,670)

### (c) Transactions with organizations related to the State

The Group delivered goods (received financial services) the following government agencies and organizations that have significant influence on the Company:

KZT'000	2020	2019
Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan	47,104,799	50,924,999
Ministry for Emergency Situations of the Republic of Kazakhstan	19,925,642	2,028
Sovereign Wealth Fund Samruk-Kazyna JSC	(213,118)	(214,302)
National Security Committee of the Republic of Kazakhstan	5,521,193	5,756,742
Ministry of Defense of the Republic of Kazakhstan	4,299,836	5,635,569
KazMunayGas National Company JSC	2,242,657	2,103,701
Akimat of Akmola region	2,210,304	1,790
Kazakhstan temir zholy National Company JSC	1,845,570	1,652,537
Akimat of Kostanay region	1,726,040	–
Ministry of Labor and Social Protection of the Republic of Kazakhstan	1,169,318	–
Akimat of North Kazakhstan region	494,433	31
State security service of the Republic of Kazakhstan	139,950	–
Ministry of Education and Science of the Republic of Kazakhstan	75,925	29,000
Akimat of Pavlodar region	111,550	–

### (d) Terms and conditions of transaction with related parties

Prices for related party transactions are determined by the parties on an ongoing basis depending on the nature of the transaction.

### 30. Group information

The consolidated financial statements include the financial statements of the Company and its subsidiaries in Kazakhstan listed in the following table:

	Main activity	Ownership %	
		2020	2019
Semey Engineering JSC	Mechanical engineering	100.0%	100.0%
Tynys JSC	Mechanical engineering	99.2%	99.2%
Plant named after S.M. Kirov JSC	Mechanical engineering	98.9%	98.9%
Petropavlovsk Heavy Engineering Plant JSC	Mechanical engineering	100.0%	100.0%
Ural Plant Zenit JSC	Mechanical engineering	95.4%	95.4%
Engineering Plant named after S.M. Kirov JSC	Mechanical engineering	97.7%	97.7%
Munaymash JSC	Mechanical engineering	52.0%	52.0%
Sempalatinsk machine-building plant JSC	Mechanical engineering	99.4%	99.4%
Kaztechnology JSC	Mechanical engineering	100.0%	0.0%
SRI Gidropribor JSC	Research and development	90.0%	90.0%
811 auto repair plant KE JSC	Mechanical engineering	100.0%	100.0%
Research&Development Center Kazakhstan Engineering LLP	Research and development	100.0%	100.0%
KazEng Electronics LLP	Mechanical engineering	100.0%	0.0%

### 31. Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the consolidated financial statements.

#### (a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange ruling rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date

when their fair value was determined. Foreign currency differences arising on retranslation at the exchange rate on the date of the transaction as well as those from retranslation of monetary assets and liabilities at the reporting date are recognised in profit or loss.

The following exchange rates were used in preparing the consolidated financial statements:

	2020		2019	
	Year-end	Average	Year-end	Average
US dollar	420.71	412.95	381.18	382.75
EURO	516.13	471.44	426.85	428.51
Russian rouble	5.65	5.73	6.17	5.92

#### (b) Property, plant and equipment

##### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

### 31. Significant accounting policies, continue

Any gain (loss) on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income (other expenses) in profit or loss.

#### Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of the individual asset to its estimated residual value. The expected remaining useful lives as follows:

- buildings and constructions 24-53 years;
- machinery and equipment 7-15 years;
- other 4-6 years.

Useful lives and residual values of property, plant and equipment are analysed at each reporting date.

#### (c) Intangible assets

Intangible assets relate largely to software purchases, which are acquired by the Group and which have finite useful lives, are stated at cost (which comprises purchase price plus any directly attributable costs of preparing the asset for intended use) less accumulated amortisation and impairment losses.

#### Amortisation

Amortisation of intangible assets, which have expected useful lives of 2 to 5 years, is computed under the straight-line method over the estimated useful lives of the assets.

#### (d) Investment property

The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure (like example, professional fees for legal services, property transfer taxes and other transaction costs).

After initial recognition, investment property is accounted at historical cost.

#### (e) Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for using the equity method. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount of investments subsequently increases or decreases due to the recognition of the Group's share of post-acquisition movements in net assets of joint ventures and associates

The consolidated statement of profit or loss reflects the Group's share of the financial results of operations of joint ventures and associates. In addition, if there has been a change directly recognized in the equity of a joint venture or associate, the Group recognizes its share of that change and discloses that fact, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses arising from transactions between the Group and joint ventures and associates are eliminated to the extent of the interest in the joint venture or associate.

The financial statements of joint ventures and associates are prepared for the same reporting period as the statements of the Group. If necessary, adjustments are made to it in order to bring the accounting policy in line with the accounting policy of the Group.

In the event of a loss of significant influence over a joint venture or associate, the Group measures and recognizes the remaining investment at fair value. Any difference between the carrying amount of the investment in a joint venture or associate upon loss of significant influence or joint control and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

### 31. Significant accounting policies, continue

#### (f) Impairment

The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset or cash-generating unit at the lower amount. Impairment losses are recognised in profit or loss.

#### Calculation of recoverable amount

The recoverable amount of assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

#### Reversals of impairment

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (g) Inventories

Inventories are measured at the lower of cost and net realisable value. The actual cost of inventories is based the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### (h) Accounts receivable

Accounts receivable are normally recognised at their nominal value less any expected credit loss and do not generally carry any interest.

At the end of each reporting period the Group assesses whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (hereinafter – "loss event") and that loss event had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected credit losses) discounted at the financial asset's effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

#### (i) Cash

Cash comprise cash at bank which is available on demand and subject to insignificant risk of changes in value and petty cash.

#### (j) Borrowings

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

#### (k) Retirement employee benefits

The Group does not have any pension arrangements separate from the state pension system of the Republic of Kazakhstan, which requires current contributions by the employer and employee calculated as a percentage of current gross salary payments.

## 31. Significant accounting policies, continue

### (l) Revenues

At contract inception, the Group assesses the goods or services (assets) promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either an asset that is distinct or series of distinct assets that are substantially the same and that have the same pattern of transfer to the customer.

#### Sale of goods

Sale of goods is recognised when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### Sale of services

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the extent of progress toward completion.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin. If contracts include the installation of equipment, revenue for the equipment is recognised at a point in time when the equipment is delivered, the legal title has passed and the customer has accepted the equipment.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

#### Financing components

There are no contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the transaction prices are not adjusted for the time value of money.

### (m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

### (n) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items charged or credited directly to equity, in which case it is recognised in equity. Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax asset is recognised only to the extent that it is probable to receive taxable income in future, which can be utilised against this asset. Amount of deferred tax assets are reduced to the extent that it is not probable that appropriate tax savings would be used.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



## 31. Significant accounting policies, continue

### (o) Financial instruments

#### Recognition

The Group recognises financial assets and liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### Measurement

When financial assets and liabilities are initially recognised, they are measured at fair value being the consideration given or received plus directly attributable transaction costs. Any gain or loss at initial recognition is recognised in profit or loss, except for the loans receivable from (payable to) owners, gains or losses at initial recognition of which are recognised directly in equity. Subsequent to initial recognition, the loans receivable from owners are measured at amortised cost using the effective interest method.

In determining the estimated fair value, investments are valued at the quoted market prices of the purchase on the transaction date. In the absence of quoted prices in active market investments, fair value is determined using quoted market prices for similar instruments traded.

#### Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is settled.

#### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on a financial asset that is measured at amortised cost at an amount equal to 12-month expected credit losses. For trade receivables the Group measures the loss allowance at an amount equal to lifetime expected credit losses. At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

## 32. Events after the reporting period

### Agreement to extend the maturity of loans

In May 2021, the Group signed an additional agreement to the loan contract with the National Bank of Kazakhstan and extended the maturity of the loan and accrued interest to 1 August 2021.

As of the date of approval of these consolidated financial statements, the Group is also preparing an agreement with creditors to sign a debt settlement procedure for 22,815,352 thousand KZT and 5,694,992 thousand KZT, respectively, with Halyk Bank of Kazakhstan JSC and Samruk – Kazyna Sovereign Wealth Fund JSC. The agreement establishes a repayment schedule and accrued interest from the sale of the Group's assets under the terms of debt repayment in accordance with the proportion of shares of loans received from creditors before 1 February 2024, including 5,451,495 thousand KZT in 2021, 20,640,294 thousand KZT - in 2022, 1,810,304 thousand KZT - in 2023 and 2,986,014 thousand KZT - in 2024.

### Plan of subsidiaries sale

In February 2021, management of the Group approved asset restructuring plan, including the implementation of a full or controlling shares in subsidiaries and joint ventures of the Company within the framework of the privatization plan of the Government of the Republic of Kazakhstan for 2021 -2025.

### Cancellation of additional tax liabilities

As a result of consideration of the Company's complaints from September 2020 to May 2021, the appellate body of the Ministry of Finance of the Republic of Kazakhstan canceled the notification based on the results of a tax audit of the Company dated August 7, 2020, for 2015-2017 with additional tax liabilities for corporate income tax and VAT for a total amount of 6, 477, 815 thousand KZT.

There were no other significant events after the reporting period.