"NAC "KAZATOMPROM" JSC

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020, AND OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2020

The following statement is made with a view to distinguish the respective responsibilities of management and those of the independent auditor's in relation to the consolidated financial statements of JSC National Atomic Company Kazatomprom ("Company") and its subsidiaries (hereinafter the "Group") for the year ended 31 December 2020 and operating and financial review for the year ended 31 December 2020.

Management of the Group is responsible for the preparation of consolidated financial statements of the Group for the year ended 31 December 2020, and operating and financial review for the year ended 31 December 2020, that presents fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, as well as other events and conditions on the Group's consolidated financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- taking all reasonably possible measures to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The consolidated financial statements for the year ended 31 December 2020 and operating and financial review for the year ended 31 December 2020 were authorised for issue by management of the Group on 15 March 2021.

SYZDYKOVA K.B.
CHIEF FINANCIAL OFFICER

KOZHA-AKHMET D.A.
FINANCIAL CONTROLLER

JSC National Atomic Company Kazatomprom

Consolidated Financial Statements
for the year ended 31 December 2020 and
Independent Auditor's Report

Content

Independent Auditor's Report

To the Shareholders and the Board of Directors of National Atomic Company Kazatomprom JSC

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Atomic Company Kazatomprom JSC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2020, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year ended
- 31 December 2020;
- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of cash flows for the year then ended; and
- the consolidated statement of changes in equity for the year then ended;
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Our audit approach

Overview

Overall Group materiality: Kazakhstani Tenge (KZT) 14,300 million, which represents approximately 5% of profit before tax.

- Our Group audit scope covered the audit at the Company, 10 subsidiaries, 3 joint arrangements and 3 associates in Kazakhstan and one subsidiary in Switzerland.
- Our audit scope addressed 98% of the Group's revenues and 94% of the Group's absolute value of underlying profit before tax.

- Impact of COVID-19 on the Group's operations

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of intemal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	KZT 14,300 million
How we determined it	approximately 5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which, in our view, is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19 on the Group's operations *Refer to Notes 2 and 37 to the consolidated financial statements* The COVID-19 pandemic has disrupted global uranium production as some of the world's largest producers temporary closed their mines between March and September 2020. In Kazakhstan where the Group's principal business operations are conducted, the state of emergency was introduced from 16 March 2020 with restrictive epidemiological measures which were extended through the middle of August 2020. To minimize the risk of the virus outbreak at its operations, the Group has reduced the number of its staff on sites to a minimum level during the four month period from April to July 2020, which resulted in a lower level of the wellfield activity and, in consequence, a reduction in a production volume in 2020 by approximately 10%-15% from the production level previously announced to the market and in excess of the allowed deviation in the Group's subsurface	Our audit procedures included: • discussion of the impact of COVID-19 on business with Management of the Group and assessment of measures taken to minimize impact of COVID-19 on the Group's future financial results; • analysis of reasonableness of application of the going concern assumption including our review of the Group's cash flow forecasts; • analysis of indicators of impairment of non-financial non-current assets including consideration of the pandemic impact on the global uranium spot and future price; • analysis of the Group's compliance with the terms of its subsurface use contracts in relation to 10%-15% lower production level in excess of the allowed deviation in the Group's subsurface use contracts. We reviewed the Group's correspondence with Kazakh government authorities and the Group's explanation that the deviation

use contracts. Following correspondence with authorities, Kazakh government expressed its intent to make corresponding amendments to the Group's subsurface use contracts without applying penalties.

Due to recent volatility in global trade, disruption in the uranium production both globally and in Kazakhstan, trade, supply chain and logistical challenges presented by additional restrictions imposed on business by the governments in the context of pandemic and potential impact on demand as a result of the COVID-19 virus, we have focused on analysis of the impact of COVID-19 on the Group's business as it might have a significant impact on the figures presented in the consolidated financial statements.

during 2020 was caused by the state of emergency announced in Kazakhstan in relation to COVID-19 pandemic.

- performance of a net realisable value test for finished goods;
- a test of compliance with covenants set in loan contracts.
- consideration of disclosures in the financial statements and assessment of their adequacy.

How we tailored our Group audit scope

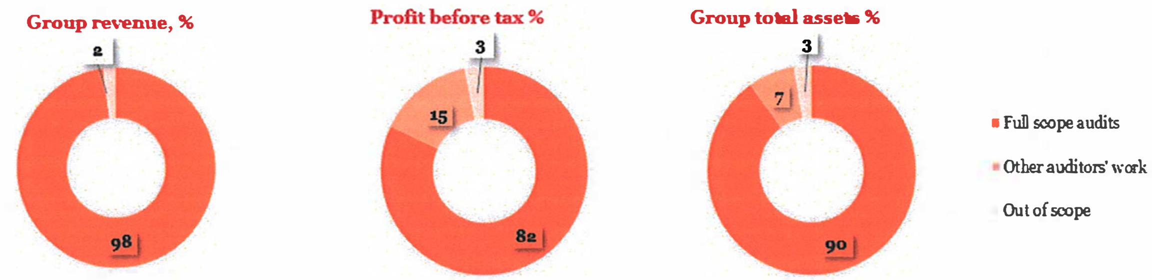
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's major production facilities and uranium sites are located in the Republic of Kazakhstan. The Group's trading activities are carried out primarily out of Kazakhstan, as well as trading company set up in Switzerland. Group operates under seven mining subsidiaries (under eleven subsurface contracts), of which all seven are audited by us, three mining joint arrangements (under five subsurface use contracts) and four associates (under five subsurface use contracts), of which two are audited by us and the remaining auditors reported to us on their audits. The audit scope also includes four non-mining subsidiaries, audited by PwC network firms.

Based on our continuous assessment, we included in our group audit scope eighteen components, including four components audited by other auditors.

In order to achieve appropriate audit coverage of the audit risks and of each individually significant component of the Group, including each segment and group function:

- Significant components were subject to either a full scope audit, specified risk-focused audit procedures of specific account balances, or Group level procedures. Our selection was based on the relative significance of the entities within the Group or specific risks identified. The components within the scope of our work accounted for the following percentages of the Group's measures(1):



(1) Presented as a percentage of the Group's consolidated result at 31 December 2020

Audit instructions set out the significant audit areas, materiality thresholds (which ranged from KZT 218 million to KZT 4,110 million) and specific reporting requirements. The Group audit team directed the work undertaken by component auditors, through a combination of related network and non-network firm reporting, regular interaction on audit and accounting matters, periodic site visits and review of specific audit work papers.

By performing the procedures above at the components in combination with additional procedures performed at Group level, we have obtained sufficient and appropriate audit evidence regarding the consolidated financial statements as a whole that provides basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Annual report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS, 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 financial reporting process.

Auditor's 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 auditor's 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.

- 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 auditor's 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 auditor's 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Almaz Sadykov.

PricewaterhouseCoopers LLP

Almaty, Kazakhstan
15 March 2021

Approved by:

Dana Inkarbekova
Managing Director
PricewaterhouseCoopers LLP
(General State License of the RK Ministry of Finance No.0000005 dated 21 October 1999)

Signed by:

Almaz Sadykov
Audit Partner
(The Association of Chartered Certified Accountants №00836388 dated 31 July 2007)

Signed by:

Svetlana Belokurova
Statutory Auditor
(Qualified Auditor's Certificate №0000357 dated 21 February 1998)

In millions of Kazakhstani Tenge	Note	For the year ended 31 December 2020	For the year ended 31 December 2019
Revenue	9	587,457	502,269
Cost of sales	10	(319,624)	(307,498)
Gross profit		**267,833**	**194,771**
Distribution expenses	11	(14,352)	(10,827)
General and administrative expenses	12	(29,582)	(32,024)
Reversal of impairment losses on non-financial assets	13	1,044	1,373
Impairment losses on non-financial assets	13	(3,132)	(4,549)
Reversal of impairment/(impairment loss) on financial assets	13	357	(223)
Gain from disposal of joint venture	1	22,063	8
Net foreign exchange gain	15	3,759	83
Net gain from business combinations	43	-	54,649
Other income	14	7,370	25,345
Other expenses	15	(7,605)	(6,797)
Finance income	17	4,983	3,990
Finance costs	17	(7,680)	(11,955)
Share of results of associates	25	39,482	23,547
Share of results of joint ventures	26	604	9,864
Profit before tax		**285,144**	**247,255**
Income tax expense	18	(63,776)	(33,506)
Profit from continuing operations		**221,368**	**213,749**
PROFIT FOR THE YEAR		**221,368**	**213,749**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of entities with foreign functional currency		24	1,610
Items that will not be reclassified to profit or loss:			
Net gain from investments in equity securities at fair value through other comprehensive income		-	7
Remeasurements of post-employment benefit obligations		18	(33)
Share in other comprehensive loss of equity method investments		-	(11)
Other comprehensive income for the year		**42**	**1,573**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**221,410**	**215,322**
Profit for the year attributable to:			
- Owners of the Company		183,541	189,998
- Non-controlling interest		37,827	23,751
Profit for the year		**221,368**	**213,749**
Total comprehensive income attributable to:			
- Owners of the Company		183,581	191,580
- Non-controlling interest		37,829	23,742
Total comprehensive income for the year		**221,410**	**215,322**
Earnings per share attributable to the owners of the Company, basic and diluted (rounded to Tenge)	19	708	733

These consolidated financial statements were approved by management on 15 March 2021:

Syzdykova K.B. Chief Financial Officer	Kozha-Akhmet D.A. Financial Controller	Jakypbekova S.J. Chief Accountant

In millions of Kazakhstani Tenge	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	21	172,747	179,453
Mine development assets	22	128,319	140,740
Mineral rights	23	577,511	603,042
Exploration and evaluation assets	24	22,945	22,927
Investment property		2,203	-
Intangible assets	20	59,906	54,697
Right-of-use assets		978	1,640
Investments in associates	25	84,626	90,943
Investments in joint ventures	26	35,261	33,122
Other investments		387	567
Accounts receivable	27	-	67
Deferred tax assets	18	13,206	13,558
Financial derivative asset		1,048	543
Loans to related parties	30	8,423	10,125
Other non-current assets	28	39,430	24,689
		1,146,990	**1,176,113**
Current assets			
Accounts receivable	27	117,418	90,627
Prepaid income tax		9,986	12,110
VAT recoverable		48,621	44,874
Inventories	29	233,389	217,059
Loans to related parties	30	3,089	2,798
Notes of the National Bank of the Republic of Kazakhstan		5,036	-
Cash and cash equivalents	31	113,347	98,560
Other current assets	28	8,159	12,258
		539,045	**478,286**
Assets of disposal groups classified as held for sale	1	3,244	19,734
		542,289	**498,020**
TOTAL ASSETS		**1,689,279**	**1,674,133**
EQUITY			
Share capital	32	37,051	37,051
Additional paid-in capital		4,461	4,420
Reserves		1,666	1,647
Retained earnings		1,029,477	944,917
Equity attributable to shareholders of the Company		1,072,655	988,035
Non-controlling interest		267,137	254,119
TOTAL EQUITY		**1,339,792**	**1,242,154**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	33	76,300	69,300
Lease liabilities		270	804
Provisions	34	26,393	39,487
Deferred tax liabilities	18	127,483	129,582
Employee benefits		1,258	1,110
Other non-current liabilities	36	6,211	6,602
		237,915	**246,885**
Current liabilities			
Loans and borrowings	33	21,526	90,664
Lease liabilities		476	590
Provisions	34	879	887
Accounts payable	35	43,948	58,562
Other tax and compulsory payments liabilities		8,713	12,717
Employee benefits		169	136
Income tax liabilities		927	467
Other current liabilities	36	34,518	20,682
		111,156	**184,705**
Liabilities of disposal groups classified as held for sale		416	389
TOTAL LIABILITIES		**349,487**	**431,979**
TOTAL EQUITY AND LIABILITIES		**1,689,279**	**1,674,133**
Carrying value of one share (Tenge)	19	4,935	4,578

These consolidated financial statements were approved by management on 15 March 2021:

Syzdykova K.B. Chief Financial Officer	Kozha-Akhmet D.A. Financial Controller	Jakypbekova S.J. Chief Accountant

In millions of Kazakhstani Tenge	Note	For the year ended 31 December 2020	For the year ended 31 December 2019
OPERATING ACTIVITIES			
Cash receipts from customers		685,890	597,461
VAT refund		20,971	23,859
Interest received		4,221	11,343
Payments to suppliers		(380,576)	(315,683)
Payments to employees		(48,125)	(47,915)
Income tax paid		(59,155)	(50,018)
Other taxes paid		(57,356)	(52,334)
Interest paid		(4,277)	(7,184)
Cash flow from operating activities		**161,593**	**159,529**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(15,613)	(25,931)
Proceeds from disposal of property, plant and equipment		61	70
Advance paid for property, plant and equipment		(206)	(728)
Acquisition of intangible assets		(395)	(230)
Acquisition of mine development assets		(18,102)	(20,732)
Acquisition of exploration and evaluation assets		(1,156)	(2,394)
Proceeds from disposal of subsidiary net of cash and cash equivalents of disposed subsidiary		-	3,744
Acquisition of notes of National Bank of the Republic of Kazakhstan		(11,040)	-
Proceeds from redemption of notes of the National Bank of the Republic of Kazakhstan		6,098	-
Placement of term deposits and restricted cash		(9,395)	(4,457)
Redemption of term deposits and restricted cash		8,309	3,383
Issuance of loans		-	(6,716)
Loan repayments received from related parties		3,124	9,577
Acquisition of interest in controlled entities net of cash acquired		-	5,563
Acquisition of interest in associates and joint ventures		(2,499)	(524)
Proceeds from sale of investment in joint venture	1	43,858	-
Dividends received from associates, joint ventures and other investments		47,886	13,266
Other		(2,171)	(2,162)
Cash flow from/(used in) investing activities		**48,759**	**(28,271)**
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	33	119,093	203,250
Proceeds from bonds	33	-	70,000
Repayment of loans and borrowings	33	(191,991)	(255,872)
Repayment of bonds	33	-	(73,500)
Dividends paid to the shareholders	32	(99,002)	(80,001)
Dividends paid to non-controlling interest		(29,050)	(22,517)
Payments under lease	33	(465)	(463)
Cash flow used in financing activities		**(201,415)**	**(159,103)**
Net increase/(decrease) in cash and cash equivalents		**8,937**	**(27,845)**
Cash and cash equivalents at the beginning of the year		98,560	128,819
Effect of exchange rate fluctuations on cash and cash equivalents		5,844	(2,407)
Change in impairment provision for cash and cash equivalents		6	(7)
Cash and cash equivalents at the end of the year	31	**113,347**	**98,560**

These consolidated financial statements were approved by management on 15 March 2021:

Syzdykova K.B. Chief Financial Officer	Kozha-Akhmet D.A. Financial Controller	Jakypbekova S.J. Chief Accountant

	Attributable to the shareholders of the Company						
In millions of Kazakhstani Tenge	**Share capital**	**Reserves**	**Retained earnings**	**Additional paid-in capital**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2019	37,051	21	834,964	4,420	876,456	168,004	1,044,460
Profit for the year	-	-	189,998	-	189,998	23,751	213,749
Net gain from investments in equity securities at FVOCI	-	7	-	-	7	-	7
Foreign currency translation difference	-	1,619	-	-	1,619	(9)	1,610
Remeasurements of post-employment benefit obligations	-	-	(33)	-	(33)	-	(33)
Share of other comprehensive loss in equity method investments	-	-	(11)	-	(11)	-	(11)
Total comprehensive income for the year	**-**	**1,626**	**189,954**	**-**	**191,580**	**23,742**	**215,322**
Dividends declared (Note 32)	-	-	(80,001)	-	(80,001)	(23,999)	(104,000)
Business combinations (Note 43)	-	-	-	-	-	86,372	86,372
Balance at 31 December 2019	**37,051**	**1,647**	**944,917**	**4,420**	**988,035**	**254,119**	**1,242,154**
Profit for the year	-	-	183,541	-	183,541	37,827	221,368
Foreign currency translation difference	-	19	-	-	19	5	24
Remeasurements of post-employment benefit obligations	-	-	21	-	21	(3)	18
Total comprehensive income for the year	**-**	**19**	**183,562**	**-**	**183,581**	**37,829**	**221,410**
Dividends declared (Note 32)	-	-	(99,002)	-	(99,002)	(24,811)	(123,813)
Other operations	-	-	-	41	41	-	41
Balance at 31 December 2020	**37,051**	**1,666**	**1,029,477**	**4,461**	**1,072,655**	**267,137**	**1,339,792**

These consolidated financial statements were approved by management on 15 March 2021:

Syzdykova K.B.
Chief Financial Officer

Kozha-Akhmet D.A.
Financial Controller

Jakypbekova S.J.
Chief Accountant

1 JSC NAC Kazatomprom Group and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2020 for JSC National Atomic Company Kazatomprom (the "Company") and its subsidiaries (hereinafter collectively referred to as "the Group" or "JSC NAC Kazatomprom").

The Company is a joint stock company set up in accordance with regulations of the Republic of Kazakhstan. The Company was established pursuant to the Decree of the President of the Republic of Kazakhstan on the establishment of National Atomic Company Kazatomprom No. 3593, dated 14 July 1997, and the Decree of the Government of the Republic of Kazakhstan on National Atomic Company Kazatomprom Issues No. 1148 dated 22 July 1997, as a closed joint stock company with a 100% government shareholding. As at 31 December 2017, 100% of the Company's shares were held by the government via National Welfare Fund Samruk-Kazyna (hereinafter "Controlling shareholder" or "Samruk-Kazyna JSC").

As of 31 December 2020, 75% of the Company's shares are held by Samruk-Kazyna JSC and 25% are on free float.

The Company's registered address is E-10 street, house 17/12, Nur-Sultan city, the Republic of Kazakhstan. The principal place of business is the Republic of Kazakhstan.

The Group's principal activities include production of uranium and sale of uranium products. The Group is one of the leading uranium producing companies of the world. The Group is also involved in processing of rare metals, manufacture and sale of beryllium and tantalum products and scientific support of operational activities.

JSC NAC Kazatomprom is an entity representing interests of the Republic of Kazakhstan at the initial stages of the nuclear fuel cycle and production of fuel assemblies and their components. The Group is a participant in a number of associates and joint ventures which make a significant contribution to its profit (Notes 25 and 26). In 2018, the Group's Development Strategy was revised to focus on the core business activities of mining and processing of uranium and related natural resources. The Development Strategy is designed to ensure long term value growth for all stakeholders of the Group in accordance with the principles of Sustainable Development through aligning production volumes to market conditions and adopting a market centric focus to sales capabilities, applying best practices in business activities, and developing a corporate culture consistent with the Group's position as an industry leader.

As at 31 December 2020, the Group was a party to the following contracts for production and exploration of uranium:

Mine/area	Stage	Contract date	Contract term	Subsurface user
Kanzhugan	Production	27 November 1996	26 years	Kazatomprom-SaUran LLP
Uvanas	Production	27 November 1996	26 years	Kazatomprom-SaUran LLP
Mynkuduk, East lot	Production	27 November 1996	26 years	Kazatomprom-SaUran LLP
Moinkum, lot 1 (South) (south part)	Production	26 September 2000	20 years	Kazatomprom-SaUran LLP
Mynkuduk, Central lot	Production	08 July 2005	28 years	DP Ortalyk LLP
Mynkuduk, West lot	Production	08 July 2005	30 years	Appak LLP
North and South Karamurun	Production	15 November 1996	26 years	RU-6 LLP
Moinkum, lot 3 (Central) (north part)	Production	31 May 2010	31 years	Company
Inkai, block 1	Production	13 July 2000	45 years	JV Inkai LLP
Inkai, block 2	Exploration	25 June 2018	4 years	Company
Inkai, block 3	Exploration	25 June 2018	4 years	Company
Zhalpak (Note 4)	Exploration	31 May 2010	8 years	DP Ortalyk LLP
North Khorasan, block 2	Production	01 March 2006	49 years	Baiken-U LLP
North Khorasan, block 1	Exploration and Production	08 May 2005	53 years	JV Khorassan LLP
Budenovskoe, block 2	Production	08 July 2005	35 years	Karatau LLP
Budenovskoe, block 1	Production	20 November 2007	30 years	JV Akbastau JSC
Budenovskoe, blocks 3, 4	Production	20 November 2007	31 years	JV Akbastau JSC

At 31 December 2020 the Group comprises 37 entities (2019: 37), including associates and joint ventures, located in six regions of the Republic of Kazakhstan: Turkestan region, East Kazakhstan region, Kyzylorda region, Akmola region, Pavlodar region and Almaty region. At 31 December 2020 the aggregate number of employees of the Group is 21 thousand (2019: 21 thousand) people.

1 JSC NAC Kazatomprom Group and its Operations (continued)

Presented below are significant changes in the Group structure during 2020.

JSC Uranium Enrichment Center (TsOU)

In 2019 the Group has entered into a conditional contract to sell its 50% interest minus 1 (one) share in JSC Uranium Enrichment Center (TsOU) to its partner in this joint venture - TVEL JSC (TVEL). The Group maintained 1 share of TsOU, which will retain the Group's right to access uranium enrichment services in accordance with the conditions previously agreed with TVEL. On 17 March 2020, the Group completed this sale. The contract price was Russian rubles 6,253 million or Euro 90 million fixed at an exchange rate as at 31 December 2019. Actual cash consideration received was Euro 90 million (Tenge 43,858 million equivalent).

In millions of Kazakhstani Tenge	
Contract price in accordance with exchange rate as at 31 December 2019	40,485
Less: carrying value of the investment in joint venture	(18,670)
Transfer of foreign currency translation reserve	248
Gain from disposal of joint venture	**22,063**

As at 31 December 2019 the Group classified the investment in the joint venture TsOU as an asset held for sale.

Caustic JSC

The Group intends to sell its entire stake in Caustic JSC by the end of 2021. Based upon an independent appraisal report, the fair value of the investment of Caustic JSC was lower than the carrying amount of the investment, as a result of which an impairment of Tenge 1,364 million was recognised during the year (Note 13).

KazPV project

Certain non-core assets are to be disposed under the plan presented in the IPO prospectus of NAC Kazatomprom JSC including entities of the KazPV project: Astana Solar LLP, Kazakhstan Solar Silicon LLP and MK KazSilicon LLP. As previously reported, on 17 May 2019, a conditional sales contract was entered into which provided for the initial sale of 75% of the Company's shareholding in the entities of the KazPV project (further – Agreement). However, the Agreement did not enter into force due to non-compliance by the purchaser with certain conditions. As a result, in the first quarter of 2020, the Company terminated its relations with potential buyers under this contract. The Company has received the required regulatory approvals to recommence disposal of the KazPV assets in 2021.The assets and liabilities of the entities in the KazPV project are presented as assets and liabilities held for sale in these audited consolidated financial statements.

2 Environment of the Group

The economy of the Republic of Kazakhstan continues to display characteristics of an emerging market and is particularly sensitive to prices for oil and gas and other commodities, which constitute major parts of the country's exports. These characteristics include, but are not limited to, the existence of a national currency that is not freely convertible outside of the country and a low level of market liquidity of debt and equity securities.

Ongoing political tension in the region and volatility of exchange rates have caused and may continue to cause negative impacts on the economy of the Republic of Kazakhstan, including decreases in liquidity and creation of difficulties in attracting international financing.

On 20 August 2015 the National Bank and the Government of the Republic of Kazakhstan took actions to discontinue supporting the Tenge exchange rate and implement a new monetary policy, which is based on an inflation targeting regime, cancellation of the exchange rate trading band and start a free-floating exchange rate. However, the National Bank's exchange rate policy allows it to intervene to prevent dramatic fluctuations of the Tenge exchange rate and to ensure financial stability.

As at the date of issuance of these consolidated financial statements the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 418.64 per US Dollar 1, compared to Tenge 420.71 per US Dollar 1 as at 31 December 2020 (31 December 2019: 381.18 Tenge per US Dollar 1).

2 Environment of the Group (continued)

On 21 August 2020 Fitch Ratings affirmed the long-term foreign currency issuer default rating ("IDR") of Kazakhstan as "BBB" with a stable outlook. This rating reflects Kazakhstan's oil-related fiscal revenues and a strong sovereign net foreign asset position, offset by high commodity dependence, a weak banking sector relative to peers, and lower governance scores than 'BBB' medians. State debt remains low with the country's fiscal position assessed as robust despite the oil price and coronavirus risks.

According to the official estimates, real GDP during the twelve months of 2020 contracted by 2.6%. In August 2020 Fitch forecasted that real GDP would contract by 2.0% in 2020 (2019: +4.5%) as coronavirus containment measures hit domestic demand, and OPEC+ oil production cuts affect net exports.

Additionally, the mining sector in the Republic of Kazakhstan continues to be impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal and political developments, which are beyond the Company's control.

For the purpose of measurement of expected credit losses ("ECL") the Company uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any forecast, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances. The future economic situation and regulatory environment may differ from management's current expectations.

In December 2019, news from China about the outbreak of a new virus first appeared. On 11 March 2020, the World Health Organization declared the outbreak of a new type of coronavirus COVID-19 a pandemic. The COVID-19 epidemic has spread globally, with a sharp negative effect on the entire global economy. According to the Decree of the President of the Republic of Kazakhstan dated 15 March 2020 No. 285 "On the introduction of a state of emergency in the Republic of Kazakhstan", a state of emergency was introduced for the period from 16 March 2020 until 15 April 2020 and later extended until 11 May 2020.

On 5 July 2020, the State Commission for Ensuring State of Emergency under the President of Kazakhstan, in consideration of the complications of the epidemiological situation and the increase in the prevalence of coronavirus infection in Kazakhstan, introduced restrictive measures for 14 days, subsequently extended until 16 August 2020.

In the cities of Kazakhstan, including Almaty and Nur-Sultan a quarantine regime was introduced. The Company took actions to prevent the spread of coronavirus infection and ensure continuity of operations of production facilities, including shift change algorithms that were developed requiring PCR testing for shift production employees before arrival and departure from the shift and updated plans for continuity of operations and actions in case of the onset of symptoms among workers.

The Group's response plans are constantly updated in accordance with the Resolutions of the Chief State Sanitary Doctor of the Republic of Kazakhstan.

The proactive actions taken to prevent the spread of COVID-19 during the year made it possible to ensure the smooth functioning of the production facilities of the Group's entities.

The devaluation of the Tenge against the US Dollar since the beginning of the year was approximately 10%.

As of the date of the issuance of these financial statements, the COVID-19 situation is still developing. To date there has not been any significant effect on the Company's revenues and deliveries. Due to COVID-19 restrictive measures, the Group decreased its exploration activities and production volumes during the year.The Group has fulfilled its 2020 sales obligations. There are currently no logistical restrictions on physical deliveries to all of the Group's export destinations including China which resumed receiving shipments from April 2020. As at 31 December 2020 NAC Kazatomprom JSC remains a financially stable company with more than Tenge 428 billion of net current assets including over Tenge 113 billion in cash and cash equivalents, a low level of borrowings and more than Tenge 242 billion (US Dollars 574 million) of undrawn bank credit lines. The uranium spot price, which acts as a base for the pricing of the Group's sales, increased by more than 35% from the middle of March 2020 to the end of April, and after continuous decline, at 31 December 2020, the spot price settled at US Dollar 30.20 per pound of U_3O_8 (US Dollar 24.93 at 31 December 2019).

Management is unable to predict the extent or duration of changes in the Kazakhstani economy or evaluate their possible impact on the financial position of the Company in the future. Management believes that it is taking all necessary actions to maintain the sustainability and growth of the Company in the current circumstances.

3 Significant Accounting Policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS under the historical cost convention, as modified by financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Presentation currency

These consolidated financial statements are presented in millions of Kazakhstani Tenge ("Tenge"), unless otherwise stated.

Consolidation

(i) Consolidated financial statements

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity.

For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or applied only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation non-controlling interest's proportionate share of net assets of the acquiree.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

3 Significant Accounting Policies (continued)

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

(ii) Purchases and sales of non-controlling interests

The Group applies the economic entity model to account for transactions with owners of non-controlling interest in transactions that do not result in a loss of control. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the consolidated statements of changes in equity.

(iii) Purchases of subsidiaries from parties under common control

Purchases of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method the consolidated financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented or, if later, the date when the combining entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts.

The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to retained earnings within equity.

(iv) Associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(v) Joint arrangements

The Group is a party of joint arrangement when it exercises joint control over arrangement by acting collectively with other parties and decisions about the relevant activities require unanimous consent of the parties sharing control. The joint arrangement is either a joint operation or a joint venture depending on the contractual rights and obligations of the parties to the arrangement.

The Group's interests in joint ventures are accounted for using the equity method and are initially recognised at cost. Dividends received from joint ventures reduce the carrying value of the investment in joint ventures. Other post-acquisition changes in the Group's share of net assets of joint ventures are recognised as follows: (i) the Group's share of profits or losses of joint ventures is recorded in the consolidated profit or loss for the year as share of result of joint ventures, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) other changes in the Group's share of the carrying value of net assets of joint ventures are recognised in profit or loss within the share of result of joint ventures. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

3 Significant Accounting Policies (continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

If participants of joint arrangements have rights to assets and bear responsibility for obligations under joint arrangements, then the joint arrangement is classified as a joint operation.

In relation to interest in joint operations the Group recognises: (i) its assets, including its share of any assets held jointly, (ii) liabilities, including its share of any liabilities incurred jointly, (iii) its share of the revenue from the sale of its share of the output arising from the joint operation, (iv) its expenses, including its share of any expenses incurred jointly. In accordance with requirements of the relevant agreements, participants buy output of joint operations equally in accordance with their 50% ownership interest. If participants of the joint operations do not comply with this requirement during a period, a liability or receivable under joint operations is recognised for an amount equivalent to the corresponding gross margin. The liability/receivables is settled either when participants satisfy the parity requirements or participants mutually agree to discharge the liabilities/receivables, and a corresponding loss/gain is recognised in profit and loss. Receivables and payables between participants of the joint operations are presented on a gross basis in the financial statements. No revenue from joint operations is recognised in financial statements until the Group sells the output to third parties.

(vi) Disposals of subsidiaries, associates or joint ventures

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, 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 may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Foreign currency translation

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its Kazakhstan subsidiaries, and the Group's presentation currency, is the national currency of Kazakhstan, Kazakhstani Tenge. Exchange restrictions and currency controls exist in relation of converting Tenge into other currencies. Currently, Tenge is not freely convertible outside of the Republic of Kazakhstan.

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates are recognised in profit or loss. Translation at year-end does not apply to non-monetary items that are carried at historic costs.

Loans between Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognised in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognised in other comprehensive income.

The results and financial position of Group entities, which have financial statements with different functional currencies, are translated into the presentation currency as follows:

- assets and liabilities for each statements of financial position are translated at the closing rate at the end of the respective reporting period;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- components of equity are translated at the historic rate;
- all resulting exchange differences are recognised in other comprehensive income

3 Significant Accounting Policies (continued)

When control over a foreign operation is lost, the exchange differences recognised previously in other comprehensive income are reclassified to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

At 31 December 2020 the principal rate of exchange used for translating foreign currency balances was US Dollar 1 per 420.91 Tenge (31 December 2019: US Dollar 1 per 382.59 Tenge).

Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognised net of discounts, returns and value added taxes, export duties, other similar mandatory payments.

(i) Revenue from sales of goods (uranium, tantalum, beryllium, niobium and other products)

Sales are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sales with discounts is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present as the sales are made with an average credit term of 30-90 days, which is consistent with market practice.

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.

Delivery of uranium, tantalum and beryllium products vary depending on the individual terms of a sale contract usually in accordance with the Incoterms classification. Delivery of uranium products occurs: at the date of physical delivery in accordance with Incoterms or at the date of book-transfer to account with convertor specified by customer. Book-transfer operation represents a transaction whereby uranium account balance of the transferor is decreased with simultaneous allocation of uranium to the transferee's uranium account with the same specialised conversion / reconversion entity.

(ii) Sales of services (transportation, drilling and other)

The Group may provide services under fixed-price and variable price contracts. 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 because the customer receives and uses the benefits simultaneously.

Where the contracts include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

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 by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes variable consideration, revenue is recognised only to the extent that it is highly probable that there will be no significant reversal of such consideration.

3 Significant Accounting Policies (continued)

(iii) Financing components

The Group does not expect to have any 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 Group does not adjust any of the transaction prices for the time value of money.

(iv) Barter transactions and mutual cancellations

A portion of sales and purchases are settled by mutual cancellations, barter or non-cash settlements. These transactions are generally in the form of direct settlements by dissimilar goods and services from the final customer (barter), cancellation of mutual balances or through a chain of non-cash transactions involving several companies.

Sales and purchases that are expected to be settled by mutual settlements, barter or other non-cash settlements are recognised based on the management's estimate of the fair value to be received or given up in non-cash settlements. The fair value is determined with reference to observable market information.

Non-cash transactions have been excluded from the cash flow statement. Investing and financing activities and the total of operating activities represent actual cash flows.

Interest income

Interest income is recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts. Interest income on debt instruments at FVTPL calculated at nominal interest rate is presented within 'finance income' line in profit or loss.

Fees integral to the effective interest rate include origination fees received or paid by the Group relating to the creation or acquisition of a financial asset (for example, fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents).

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted by the end of the reporting period. The income tax charge/(credit) comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

3 Significant Accounting Policies (continued)

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted by the end of the reporting period, and any known court or other rulings on such issues.

Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Property, plant and equipment

(i) Recognition and measurement of property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.

Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. The individual significant parts of an item of property, plant and equipment (components), whose useful lives are different from the useful life of the given asset as a whole are depreciated individually, applying depreciation rates reflecting their anticipated useful lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Specialised spare parts and servicing equipment with a significant initial value and a useful life of more than one year are recognised as an item of property, plant and equipment. Other spare parts and auxiliary equipment are recognised as inventories and accounted for in profit and loss for the year as retired.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is disposed. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

(ii) Depreciation

Land is not depreciated. Depreciation of items within buildings category that are used in extraction of uranium and its preliminary processing is charged on a unit-of-production (UoP) method in respect of items for which this basis best reflects the pattern of consumption. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings	10 to 50
Machinery and equipment	3 to 50
Vehicles	3 to 10
Other	3 to 20

Each item's estimated useful life depends on its own useful life limitations and/or term of a subsurface use contract and the present assessment of economically recoverable reserves of the mine property at which the item is located.

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3 Significant Accounting Policies (continued)

Mine development assets

Mine development assets are stated at cost, less accumulated depreciation and provision for impairment, where required. Mine development assets comprise the capitalised costs of pump-in and pump-out well drilling, main external tying of the well with surface piping, equipment, measuring instruments, ion-exchange resin, estimated site restoration, acid costs and other development costs. Mine development assets are amortised at the mine or block level using the unit-of-production method. Unit-of-production rates are based on proved reserves estimated to be recovered from mines (blocks) using existing facilities and operating methods. The estimate of proved reserves is based on reserve reports which are integral part of each subsoil use contract. These reserve reports are incorporated into feasibility models which are approved by the government and detail the total proven reserves and estimated scheduled extraction by year. Since 2017, the Group uses reserve reports prepared by an independent consultant (Note 4).

Intangible assets

(i) Recognition and measurement of intangible assets

The Group's intangible assets other than goodwill have definite useful lives and primarily include capitalised production technology development costs, computer software, patents, and licences. Acquired computer software licences and patents are initially measured at costs incurred to acquire and bring them to use.

(ii) Amortisation of intangible assets

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
Licences and patents	3 to 20
Software	1 to 14
Other	2 to 15

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

(iii) Goodwill

Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

Gains or losses on disposal of an operation within a cash-generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

(iv) Research and development costs

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit.

Mineral rights

Mineral rights are stated at cost, less accumulated depreciation and provision for impairment, where required. Mineral rights acquired as part of business combinations are recognised at fair value. The capitalised cost of acquisition of mineral rights comprises subscription bonus, commercial discovery bonus, the cost of subsurface use rights and capitalised historical costs. The Group is obliged to reimburse historical costs incurred by the State in respect of mining rights prior to licence or subsoil use contracts being issued. These historical costs are recognised as part of the acquisition cost with a corresponding liability equal to the present value of payments made during the licence period or subsoil use contract.

3 Significant Accounting Policies (continued)

Mineral rights are amortised using unit-of-production method based upon proved reserves commencing when uranium first starts to be extracted.

The estimate of proved reserves is based on reserve reports, which are integral part of each subsoil use contract. These reserve reports are incorporated into feasibility models, which are approved by the government and detail the total proven reserves and estimated scheduled extraction by year. Since 2017, the Group uses reserve reports prepared by an independent consultant (Note 4).

Exploration and evaluation assets

Exploration and evaluation assets are measured at cost less provision for impairment, where required. The Group classifies exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired.

Exploration and evaluation assets comprise the capitalised costs incurred by the Group prior to proving that viable production is possible and include geological and geophysical costs, the costs of exploratory wells and directly attributable overheads associated with exploration activities.

The decision to enter into or renew a subsoil use contract after the expiration of the exploration and appraisal period is subject to the success of the exploration and appraisal of mineral resources and the Group's decision to proceed to the production (development) stage.

Tangible exploration and evaluation assets are transferred to mine development assets upon demonstration of commercial viability of uranium production and amortised using unit-of-production method based upon proved reserves. Once commercial reserves (proved or commercial reserves) are found, intangible exploration and evaluation assets are transferred to mineral rights. Accordingly, the Group does not amortise exploration and evaluation assets before commercial reserves (proved or commercial reserves) are found. If no commercial reserves are found, exploration and evaluation assets are expensed.

Exploration and evaluation assets are tested by the Group for impairment whenever facts and circumstances indicate assets' impairment. An impairment loss is recognised for the amount by which exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

One or more of the following facts and circumstances indicate that the Group should test its exploration and evaluation assets for impairment (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral reserves in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral reserves in the specific area have not led to the discovery of commercially viable quantities of mineral reserves and the Group has decided to discontinue such operations in the specific area;
- sufficient data exist to indicate that, although development works in the specific area are likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full resulting from efficient development or by sale.

Costs associated with activities undertaken prior to exploration such as design, technical and economical assessments are expensed as incurred.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell (the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) and its value in use (being the net present value of expected future cash flows of the relevant cash-generating unit). 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 which the future cash flow estimates have not been adjusted.

3 Significant Accounting Policies (continued)

If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Basis for determination of cash-generating units is presented in Note 4.

The estimates used for impairment reviews are based on detailed life of mine plans and operating budgets, modified as appropriate to meet the requirements of IAS 36 “Impairment of Assets”. Future cash flows are based on:

- estimates of the volumes of the reserves for which there is a high degree of confidence of economic extraction;
- future production and sales quantities;
- future commodity prices (assuming the current market prices will revert to the Group’s assessment of the long term average price, generally over a period of three to five years); and
- future costs of production and other operating and capital expenditures.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit and loss for the year so as to reduce the carrying amount in the consolidated statements of financial position to its recoverable amount. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset’s value in use or fair value less costs to sell. This reversal is recognised in profit and loss for the year, and is limited to the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

Investment property

Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and provision for impairment, where required. If any indication exists that investment properties may be impaired, the Group estimates the recoverable amount as the higher of value in use and fair value less costs of disposal. The carrying amount of an investment property is written down to its recoverable amount through a charge to profit or loss for the year. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset’s recoverable amount.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment.

Earned rental income is recorded in profit or loss for the year within other income. Gains or losses on disposal of investment property are calculated as proceeds less the carrying amount.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost for accounting purposes.

Assets classified as held for sale

Assets and disposal groups (which may include both non-current and current assets) are classified in the consolidated statements of financial position as ‘Assets of disposal groups classified as held for sale’ if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period’s consolidated statements of financial position are not reclassified or re-presented in the comparative statements of financial position to reflect the classification at the end of the current period.

3 Significant Accounting Policies (continued)

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property, plant and equipment are not depreciated. Reclassified non-current financial instruments are not subject to write down to the lower of their carrying amount and fair value less costs to sell.

Liabilities directly associated with the disposal group that will be transferred in the disposal transaction are reclassified and presented separately in the consolidated statements of financial position.

Financial instruments

Key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

(i) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

(ii) Amortised cost

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses *("ECL")*. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

(iii) The effective interest method

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates.

3 Significant Accounting Policies (continued)

Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Financial instruments – initial recognition

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement

(i) Measurement categories

The Group classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

(ii) Business model

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

(iii) Cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature.

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

3 Significant Accounting Policies (continued)

Financial assets impairment – credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 40 for a description of how the Group determines when a SICR has occurred.

If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in Note 40. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

Note 40 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. Indicators that there is no reasonable expectation of recovery include (i) court decision, (ii) liquidation of entity from which financial asset was acquired, (iii) overdue period of 3 years and more.

Derivative financial instruments

Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Group does not apply hedge accounting.

Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

3 Significant Accounting Policies (continued)

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL(derivatives, financial liabilities held for trading, e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

3 Significant Accounting Policies (continued)

Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on the normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Inventory loans

The Group enters into inventory loan agreements, according to which one party (the lender) undertakes to provide the other party (the borrower) with uranium products, and the borrower obliges to return to the lender an identical amount of uranium products. The Group obtains inventory loans to facilitate the performance of its uranium supply obligations. The Group classifies inventory loans as a non-financial liability.

Upon receipt of the inventory loan, the Group accounts for the inventory at the contracted cost. Liability arising from inventory loan are recognised as part of other liabilities at the fair value of the uranium products at the reporting date. Subsequent revaluation of the inventory loan is carried out through profit or loss as part of other income/expenses in accordance with changes in the fair value of uranium products.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments for assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group.

Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year. Non-current prepayments are not discounted.

Value added tax

Value added tax (VAT) related to sales is payable to the tax authorities when goods are shipped or services are rendered. Purchase VAT can be offset against sales VAT upon the receipt of a tax invoice from a supplier. Tax legislation allows the settlement of VAT on a net basis.

Accordingly, VAT related to sales and purchases unsettled at the reporting date is stated in the consolidated statements of financial position on a net basis separately for each consolidated entity. Recoverable VAT is classified as non-current if its settlement is not expected within one year after the reporting period. Non-current VAT is not discounted.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity. Additional paid-in capital primarily represents capital contributions made by non-controlling interests in excess of their ownership.

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

Leases

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments) less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

3 Significant Accounting Policies (continued)

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with value of Tenge 500 thousand or less.

Operating leases

Where the Group is a lessor in a lease which does not transfers substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease), lease payments from operating leases are recognised as other income on a straight-line basis.

Loans and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at AC using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets. The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset.

Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

Preference shares

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the statement of profit or loss and other comprehensive income as interest expense.

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Group's provisions include site restoration, environment protection and other provisions (Note 34).

Provisions for assets retirement obligations

Assets retirement obligations are recognised when it is probable that the costs would be incurred and those costs can be measured reliably. Asset retirement obligations include the costs of rehabilitation and costs of liquidation (demolition of buildings, constructions and infrastructure, dismantling of machinery and equipment, transportation of the residual materials, environmental clean-up, monitoring of wastes and land restoration). Provision for the estimated costs of liquidation, rehabilitation and restoration are established and charged to the cost of property, plant and equipment or mine development assets in the reporting period when an obligation arises from the respective land disturbance in the course of mine development or environment pollution, based on the discounted value of estimated future costs. Movements in the provisions for assets retirement obligations, resulting from updated cost estimates, changes to the estimated term of operations and revisions to discount rates are capitalised within property, plant and equipment or mine development assets. These amounts are then depreciated over the lives of the assets to which they relate using the depreciation methods applied to those assets.

3 Significant Accounting Policies (continued)

Provisions for asset retirement obligations do not include any additional obligations which are expected to arise from future disturbances. The costs are estimated on the basis of a closure and restoration plan. The cost estimates are calculated annually during the course of the operations to reflect known developments, including updated cost estimates revised subsoil use terms and estimated lives of operations, and are subject to formal reviews on a regular basis.

Although the final cost to be incurred is uncertain, the Group estimates its costs based on feasibility and engineering studies using current restoration standards and techniques for conducting restoration and retirement works (Note 4).

The amortisation or "unwinding" of the discount applied in establishing the net present value of provisions is charged to profit and loss in each reporting period. The amortisation of the discount is disclosed as finance costs.

Financial guarantees

Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an ECL loss allowance is recognised for fees receivable that are recognised in the consolidated statement of financial position as an asset.

Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

Employee benefits

(i) Long-term employee benefits

The Group entities provide long-term employee benefits to employees in accordance with the provisions of the collective agreement. The agreements provide for financial aid for employees' disability, retirement, funeral aid and other payments to the Group's employees. The entitlement to some benefits is usually conditional on the employee remaining employed until the retirement age and the completion of a minimum service period.

The Group does not have any funded post-employment plans. Liability recognised at each reporting date represents the present value of the plan liabilities.

Actuarial gains and losses on post-employment obligations such as experience adjustments and the effects of changes in actuarial assumptions recognised in other comprehensive income in the period occurred. Other movements in the present value of the plan liabilities are also recognised in the profit or loss for the year, including current service cost.

The most significant assumptions used in accounting for defined benefit obligations are the discount rate, staff turnover and the mortality assumptions. The discount rate is used to determine the net present value of future liabilities and each year the unwinding of the discount on those liabilities is charged to profit or loss for the year. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

Employee benefits, including financial aid for employees' disability and funeral aid to the Group's employees and other payments, are considered as other long-term employee benefits. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the defined benefit plan. The Group recognises changes in actuarial assumptions for other long-term employee benefits in profit or loss for the year. The Group receives services from an independent qualified actuary to evaluate long-term employee benefits on an annual basis.

(ii) Payroll expense and related contributions

Wages, salaries, contributions to pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. In this case, the Group applies the Defined Contribution Plans scheme. In accordance with the legal requirements of the Republic of Kazakhstan, the Group withholds pension contributions from employees' salary and transfers them into the united pension fund.

3 Significant Accounting Policies (continued)

Upon retirement of employees, all pension payments are administered by the united pension fund. The Group does not have any legal or constructive obligation to pay additional contributions other than pension contributions withheld from the salaries of the Group's employees.

Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to owners of the Company by the weighted average number of participating shares outstanding during the reporting year adjusted for share split.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Ore reserves *(estimates)*

Uranium reserves are a critical component of the Group's projected cash flow estimates that are used to assess the recoverable values of assets and to determine depreciation and amortisation expense.

In 2020 and 2019, the Group engaged an independent consultant to assess the Group's reserves and resources in accordance with the Australasian Code for reporting on geological exploration works, mineral resources and ore reserves (2012) (hereinafter JORC Code). Independent assessments of reserves and resources was carried out as of 31 December 2020 and 31 December 2019. The consultant reviewed all key information upon which the most recent reported mineral resource and ore reserve statements for the mining assets of JSC NAC Kazatomprom are based.

The consultant's reports contain an assessment of the tonnes of uranium contained in ore which has the potential to be extracted by the existing and planned mining operations (the mineral resource), and also the tonnes of uranium contained in ore currently planned to be extracted as envisaged by the respective LoM plans (the ore reserve). The Group used reserves data according to the consultant's report for calculation of impairment of long-term assets and unit of production depreciation for each of the Group's mines.

Impairment of non-financial assets *(estimates)*

At the end of each reporting period, management assesses whether there is any indication of impairment of individual assets (or cash-generating units). If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised for the amount by which carrying amount exceeds recoverable amount. The Group tests goodwill for impairment at least annually.

The calculation of value in use requires management to make estimates regarding the Group's future cash flows. The estimation of future cash flows involves significant estimates and assumptions regarding commodity prices (uranium and other products), the level of production and sales, discount rates, growth rates, operating costs and other factors. The impairment review and calculations are based upon assumptions that are consistent with the Group's business plans. Due to its subjective nature, these estimates could differ from future actual results of operations and cash flows; any such difference may result in impairment in future periods which would decrease the carrying value of the respective asset.

Goodwill

Refer to Note 20 for details of the Group's impairment testing for goodwill at 31 December 2020.

Assets related to uranium production

Assets related to uranium mines include property, plant and equipment, mine development assets, mineral rights, exploration and evaluation assets, investments in associates, investments in joint ventures, and other investments.

For the purpose of impairment testing assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (termed as 'cash-generating units'). The Group has identified each mine (contract territory) as a separate cash-generating unit unless several mines are technologically connected with single processing plant in which case the Group considers such mines as one cash-generating unit.

As at 31 December 2020, management conducted an analysis and did not find any impairment indicators of assets (generating units) associated with the production of uranium products.

Zhalpak field

The contract granting DP Ortalyk LLP the right to explore for uranium at Zhalpak field expired on 31 May 2018.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

In 2018 DP Ortalyk LLP applied to the Ministry of Energy of the Republic of Kazakhstan to extend the exploration period and, accordingly, the term of the contract, until 31 December 2022. The Ministry of Energy of the Republic of Kazakhstan agreed in 2018 to extend the exploration period, however, the contract was not formally signed. During 2020 the Kazakhstan State Commission on Mineral Reserves approved the uranium reserves report for the Zhalpak field. In accordance with the Code of the Republic of Kazakhstan "On subsoil and subsoil use" the subsoil extraction right is granted only to the national uranium company, NAC Kazatomprom JSC. The Company is taking all measures required by the relevant legislation to obtain a contract for uranium production at the Zhalpak field and transfer it to DP Ortalyk LLP. The Company expects to obtain a subsurface use contract for uranium production at the Zhalpak field in 2021 for a period of 25 years. As of 31 December 2020 Group management concluded that no impairment loss should be recognised for the assets related to the Zhalpak field as it is confident that all required approvals will be obtained. The management also has not recognised any additional liabilities arising as a result of untimely contract extension. The carrying value of the Zhalpak field assets as at 31 December 2020 is Tenge 7,602 million.

The Company has announced its intention to sell a 49% of interest in DP Ortalyk LLP to CGN Mining. The sale is expected to be completed by the 30 June 2021.

Provision for asset retirement obligations *(estimates)*

Mining assets

In accordance with environmental legislation and the subsurface use contracts, the Group has a legal obligation to remediate damage caused to the environment from its operations and to decommission its mining assets and waste polygons and restore landfill sites after closure of mining activities. Provision is made based upon the net present values of estimated site restoration and retirement costs as soon as the obligation arises from past mining activities.

The provision for asset retirement obligations is estimated based upon the Group's interpretation of current environmental legislation in the Republic of Kazakhstan and the Group's related programme for liquidation of subsurface use consequences on the contracted territory and other operations supported by the feasibility study and engineering research in accordance with the applicable restoration and retirement standards and techniques.

Provisions for asset retirement obligations are subject to potential changes in environmental regulatory requirements and the interpretation of the legislation. Provisions for mining assets and waste polygons retirement obligations are recognised when there is a certainty of incurring of such liabilities and when it is possible to measure the amounts reliably.

The calculation of the provision for production assets retirement as at 31 December 2020 was performed by the Group based upon assessments performed by an independent consultant. The scope of work stipulated by the legislation and included in the calculations included the dismantling of facilities and infrastructure (pumping, injection and observation wells, technological units for acidification and distribution of solutions, pipelines, access roads, technological sites, landfills, buildings and other facilities) and subsequent restoration of land.

Principal assumptions used in such estimations include the estimate of discount rate and the amount and timing of future cash flows. The discount rate is applied to the nominal costs that management expects to spend on mining site restoration in the future. Management's estimates based on current prices are inflated using the expected long-term inflation rate of 5.17% in 2020 (2019: 5.30%), and subsequently discounted using rate that reflects the current market estimates of the time value of money and those risks specific to the liability not reflected in the best estimate of the costs. The discount rate is based on a risk-free rate determined as interest rates on government bonds with the maturity as the average of Group subsoil use contracts. The discount rate used by the Group's companies for calculation of the provision as at 31 December 2020 is 9.87% (2019: 7.13%).

At 31 December 2020, the carrying value of the site restoration provision was Tenge 23,841 million (2019: Tenge 36,505 million) (Note 34). Decrease in the estimate in 2020 for Tenge 12,221 million is attributable to a 2.74% discount rate increase, additional 5,147 million Tenge liability decrease is attributable to the change in the periods' estimate of separate mines.

Decommissioning of the Ulba plant facility

Management has assessed whether the Group has an obligation for decommissioning and dismantling of the production facility of Ulba Metallurgical Plant JSC and concluded that the Group has no legal obligation to decommission this facility at the end of its useful life.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

In addition, management considered the extent to which the Group's policies and statements may have created a constructive obligation to decommission this production facility and concluded that no liability should be recorded as:

- Radiation contamination of the facility is limited and the costs involved in remediation are not significant.
- In the event of discontinuance of production activities, the Group will not have an obligation to liquidate buildings and other infrastructure. In addition, the possibility exists of redeployment of the production facilities to alternative uses.
- Timely inspections, surveys, repair work to reduce physical damage and maintain the normal level of performance of structures and engineering equipment can extend the useful life of the facility for an indefinite period. These factors together with the extended periods over which the Group's uranium reserves are available to be mined mean that it is not practical to estimate a reliable closure date for the UMP production facility.

In the event of future changes in environmental legislation or its interpretation, as well as the Group's policy, obligations may arise which could require recognition as liabilities in the financial statements.

Tax and transfer pricing legislation *(judgements)*

Kazakhstan tax and transfer pricing legislation is subject to varying interpretations (Note 37).

Swap transactions *(judgements)*

The Group sells part of its uranium products under swap transactions with separate agreements with the same counterparty, being for sales and purchase of the same volume of uranium for the same price at different delivery points or different timeframes. Effectively, this results in the exchange of own uranium (produced or purchased from the Group's entities) with purchased uranium.

Normally, under a swap transaction, the Group delivers physical uranium to one destination point, and purchases the same volume of uranium at a third party converter for sale to end customers. Swap transactions are entered into primarily to reduce transportation costs for uranium delivery from Kazakhstan to end customers.

Despite the fact that swap agreements are not formally related to each other, management concluded that these transactions are in substance linked and would not have occurred on an isolated basis, driven by the existing market demand and supply forces. In management's view, supply of the same volume of homogeneous product (uranium) for the same price represents an exchange of products, which should be presented on a net basis in the consolidated financial statements, reflecting the economic substance of the transaction. Interpretation of terms and approach to the accounting for swap transactions requires judgement.

In 2020, the Group did not recognise sales revenue from swap transactions of Tenge 71,331 million and cost of sales of Tenge 65,713 million. In 2019, the Group did not recognise sales revenue from swap transactions of Tenge 41,741 million, cost of sales of Tenge 43,091 million.

5 Adoption of New or Revised Standards and Interpretations

The following amended accounting standards became effective from 1 January 2020, but did not have any material impact on the Group:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).
- Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Group has not early adopted. These are:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).
- Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform.
- End date for Phase 1 relief for non contractually specified risk components in hedging relationships. The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships.
- Additional IFRS 7 disclosures related to IBOR reform.

The Group is currently assessing the impact of the amendments on its financial statements. The new standards and interpretations are not expected to affect significantly the Group’s consolidated financial statements.

7 Segment Information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Management Board of the Group headed by the CEO.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is a vertically integrated business involved in the production chain of end products – from geological exploration, mining of uranium and nuclear fuel production, to marketing and auxiliary services (transportation and logistics, procurement, research and other). The Group is organised on the basis of two main business segments:

- Uranium – uranium mining and processing from the Group’s mines, purchases of uranium from joint ventures and associates, external sales and marketing of produced and purchased uranium. This segment includes the Group’s share in the net results of joint ventures and associates engaged in uranium production, as well as the Group’s head office (JSC NAC Kazatomprom);
- UMP (Ulba Metallurgical Plant JSC) – production and sales of products containing beryllium, tantalum and niobium, hydrofluoric acid and by-products, processing of uranium on tolling basis for the Group’s uranium entities and production and marketing of uranium powders and tablets to external markets and production of fuel assemblies and their components

The revenues and expenses of some of the Group’s subsidiaries, which primarily provide services to the uranium segment (such as drilling, transportation, security and geological), are not allocated to the results of this operating segment. These Group’s businesses are not included within reportable operating segments as their financial results do not meet the quantitative threshold. The results of these and other minor operations are included in the “Other” caption.

(b) Factors that management used to identify the reportable segments

The Group’s segments are strategic business units that focus on different customers. They are managed separately because of the differences in the production processes, the nature of products produced and required marketing and investment strategies.

Segment financial information reviewed by the CODM includes:

- information about income and expenses by business units (segments) based on IFRS figures on a quarterly basis;
- assets and liabilities as well as capital expenditures by segment on a quarterly basis;
- operating data (such as production and inventory volumes) and revenue data (such as sales volumes per type of product, average sales price) are also reviewed by the CODM on a monthly and quarterly basis.

(c) Measurement of operating segment profit or loss, assets and liabilities

The CODM evaluates performance of each segment based on gross and net profit. Segment financial information is prepared on the basis of IFRS financial information and measured in a manner consistent with that in these consolidated financial statements.

Revenues from other segments include transfers of raw materials, goods and services from one segment to another, amount is determined based on market prices for similar goods.

7 Segment Information (continued)

(d) Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the years ended 31 December 2020 and 2019 is set out below:

	Uranium		UMP		Other		Eliminations		Total	
In millions of Kazakhstani Tenge	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
External revenue	525,532	435,438	42,625	37,998	19,300	28,833	-	-	587,457	502,269
Revenues from other segments	2,404	1,722	3,712	4,231	53,209	56,790	(59,325)	(62,743)	-	-
Cost of sales	(274,968)	(258,276)	(30,066)	(26,663)	(69,868)	(81,500)	55,278	58,941	(319,624)	(307,498)
Gross profit	**252,968**	**178,884**	**16,271**	**15,566**	**2,641**	**4,123**	**(4,047)**	**(3,802)**	**267,833**	**194,771**
Impairment losses, net of impairment reversals	52	(3,543)	(114)	(480)	(1,666)	621	(3)	3	(1,731)	(3,399)
Gain from disposal of joint venture	22,063	-	-	-	-	-	-	-	22,063	-
Gain from business acquisition	-	54,649	-	-	-	-	-	-	-	54,649
Share of results of associates and joint ventures	43,982	26,203	(1,745)	(503)	(2,151)	7,711	-	-	40,086	33,411
Net foreign exchange gain/(loss)	2,339	228	1,379	(143)	41	(2)	-	-	3,759	83
Finance income	4,416	3,151	170	378	397	463	-	(2)	4,983	3,990
Finance expense	(7,010)	(11,429)	(632)	(448)	(167)	(186)	129	108	(7,680)	(11,955)
Income tax expense	(60,029)	(31,602)	(3,315)	(1,722)	(432)	(182)	-	-	(63,776)	(33,506)
Profit for the year	**222,889**	**200,712**	**6,284**	**6,947**	**(5,662)**	**9,562**	**(2,143)**	**(3,472)**	**221,368**	**213,749**
Depreciation and amortisation charge	**(56,141)**	**(56,299)**	**(1,666)**	**(1,552)**	**(4,434)**	**(4,300)**	**257**	**324**	**(61,984)**	**(61,827)**

7 Segment Information (continued)

Segment information for the reportable segments for the years ended 31 December 2020 and 2019 is set out below (continued):

	Uranium		UMP		Other		Eliminations		Total	
In millions of Kazakhstani Tenge	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Investments in associates and joint ventures	107,354	106,474	4,636	6,381	7,897	11,210	-	-	119,887	124,065
Total reportable segment assets	**1,690,120**	**1,639,531**	**83,820**	**80,073**	**77,413**	**83,957**	**(165,318)**	**(149,162)**	**1,686,035**	**1,654,399**
Assets of disposal groups classified as held for sale	-	-	-	-	3,244	19,734	-	-	3,244	19,734
Total assets	**1,690,120**	**1,639,531**	**83,820**	**80,073**	**80,657**	**103,691**	**165,318**	**(149,162)**	**1,689,279**	**1,674,133**
Total reportable segment liabilities	**479,272**	**544,201**	**14,161**	**13,536**	**20,615**	**22,762**	**(164,977)**	**(148,909)**	**349,071**	**431,590**
Liabilities of disposal groups classified as held for sale	-	-	-	-	416	389	-	-	416	389
Total liabilities	**479,272**	**544,201**	**14,161**	**13,536**	**21,031**	**23,151**	**(164,977)**	**(148,909)**	**349,487**	**431,979**
Capital expenditure	**33,462**	**38,148**	**4,146**	**3,281**	**3,160**	**3,396**	**-**	**-**	**40,768**	**44,825**

Capital expenditure represents additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefits assets and rights arising under insurance contracts.

7 Segment Information (continued)

(e) Analysis of revenues by products and services

The Group's revenues are analysed by products and services in Note 9. Information about finance income and costs is disclosed in Note 17.

(f) Geographical information

The Group's main assets are located in the Republic of Kazakhstan. Distribution of the Group's sales between countries on the basis of the customer's country of domicile was as follows:

In millions of Kazakhstani Tenge	**2020**	**2019**
China	195,860	179,110
Russia	78,548	55,394
Canada	65,501	47,894
France	65,443	50,936
USA	56,764	32,826
United Kingdom (including Jersey and Cayman Islands)	33,856	61,091
India	32,695	38,307
Kazakhstan	21,758	6,280
Belgium	5,336	4,414
Japan	4,830	4,193
Germany	3,776	3,037
Other countries	23,090	18,787
Total consolidated revenues	**587,457**	**502,269**

Major customers

The Group has a group of customers under common control that accounts for more than 10% of the Group's consolidated revenue. This revenue in the amount of Tenge 181,695 million (2019: Tenge 153,519 million) is reported under the Uranium segment.

8 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, management has regard to the substance of the relationship, not merely the legal form.

Entities under common control include companies under control of Samruk-Kazyna JSC. Transactions with other government owned entities are not disclosed when they are entered into in the ordinary course of business with terms consistently applied to all public and private entities, when they are not individually significant, if the Group's services are provided on standard terms available for all customers, or where there is no choice of supplier of such services as electricity transmission services and telecommunications etc..

At 31 December 2020, the outstanding balances with related parties were as follows:

In millions of Kazakhstani Tenge	**Accounts receivable and other assets**	**Dividends receivable**	**Loans given**	**Accounts payable and other liabilities**	**Borrowings**
Associates	1,393	310	11,512	15,076	14,004
Joint ventures	1,347	-	-	2,929	-
Entities under common control	73	-	-	933	-
Controlling shareholder	-	-	-	507	-
Associates of the controlling shareholder	10	-	-	18	-
Total	**2,823**	**310**	**11,512**	**19,463**	**14,004**

8 Balances and Transactions with Related Parties (continued)

Transactions with related parties for the year ended 31 December 2020 were as follows:

In millions of Kazakhstani Tenge	Sale of goods and services	Dividends received	Purchase of goods and services	Dividends to the Shareholder	Finance income	Finance costs
Associates	7,585	42,265	89,684	-	1,183	15
Joint ventures	8,767	1,005	13,976	-	5	-
Entities under common control	189	-	5,474	-	-	-
Controlling shareholder	1	-	-	80,466	-	70
Associates of the controlling shareholder	113	-	205	-	-	-
Total	**16,655**	**43,270**	**109,339**	**80,466**	**1,188**	**85**

From February 2019, following the acquisition of JV Khorasan-U LLP, the Group is a co-borrower and guarantor of the loan to Kyzylkum LLP in the amount of Tenge 11,584 million (2019: Tenge 13,294 million) (Note 30). The loan was provided by the Company to Kyzylkum LLP in 2010. JV Khorasan-U LLP is a co-borrower and guarantor of the loan together with Kyzylkum LLP. The Group is also a guarantor of the loan obtained by SKZ-U LLP of Tenge 8,481 million (2019: Tenge 10,793 million) and Ulba-FA LLP of Tenge 10,909 million (2019: Tenge 4,245 million) (Note 37).

At 31 December 2019, the outstanding balances with related parties were as follows:

In millions of Kazakhstani Tenge	Accounts receivable and other assets	Dividends receivable	Loans given	Accounts payable and other liabilities	Loans and borrowings
Associates	2,182	5,074	12,923	20,813	17,460
Joint ventures	1,392	-	-	6,771	-
Entities under common control	83	-	-	1,033	-
Controlling shareholder	-	-	-	983	-
Associates of the controlling shareholder	11	-	-	3,777	-
Total	**3,668**	**5,074**	**12,923**	**33,377**	**17,460**

Transactions with related parties for the year ended 31 December 2019 were as follows:

In millions of Kazakhstani Tenge	Sale of goods and services	Dividends received	Purchase of goods and services	Dividends to the Shareholder	Finance income	Finance costs
Associates	11,441	8,884	67,519	-	1,593	1,691
Joint ventures	9,885	739	13,630	-	100	39
Entities under common control	294	-	6,005	-	-	-
Controlling shareholder	-	-	-	68,065	-	148
Associates of the controlling shareholder	108	-	6,037	-	-	-
Total	**21,728**	**9,623**	**93,191**	**68,065**	**1,693**	**1,878**

8 Balances and Transactions with Related Parties (continued)

Key management personnel is represented by personnel with authority and responsibility in planning, management and control of the Group's activities, directly or indirectly. Key management personnel includes all members of the Management Board and the members of the Board of Directors. The table below represents remuneration of the key management personnel, paid by the Group in exchange for services provided. This remuneration includes salaries, bonuses, as well as contributions to the pension fund. No remuneration is paid or payable to representatives of the Controlling shareholder in the Board of Directors.

	2020		2019	
In millions of Kazakhstani Tenge	**Expense**	**Accrued liability**	**Expense**	**Accrued liability**
Short-term benefits				
Salaries and bonuses	1,205	98	1,116	65
Total	**1,205**	**98**	**1,116**	**65**

9 Revenue

The Group's revenue arises from contracts with customers where performance obligations are satisfied mostly at a point in time.

In millions of Kazakhstani Tenge	2020	2019
Sales of uranium products	529,196	438,518
Sales of beryllium products	21,866	19,717
Sales of tantalum products	12,205	9,543
Sales of other services	6,911	8,048
Drilling services	5,972	6,602
Sales of purchased goods	5,321	10,470
Sales of materials and other goods	3,030	5,912
Transportation services	2,798	2,818
Research and development	153	193
Sales of photovoltaic cells	5	448
Total revenue	**587,457**	**502,269**

10 Cost of Sales

In millions of Kazakhstani Tenge	2020	2019
Materials and supplies	167,546	147,331
Depreciation and amortisation	60,002	60,044
Wages and salaries	31,874	29,632
Taxes other than income tax	23,775	27,021
Processing and other services	19,738	18,566
Maintenance and repair	4,751	4,132
Transportation expenses	2,913	6,795
Utilities	1,669	1,607
Rent expenses	422	221
Research and development	115	36
Other	6,819	12,113
Total cost of sales	**319,624**	**307,498**

11 Distribution Expenses

In millions of Kazakhstani Tenge	**2020**	**2019**
Shipping, transportation and storing	10,351	6,790
Wages and salaries	1,139	1,035
Commissions	456	610
Materials and supplies	212	255
Rent	113	70
Depreciation and amortisation	66	70
Other	2,015	1,997
Total distribution expenses	**14,352**	**10,827**

12 General and Administrative Expenses

In millions of Kazakhstani Tenge	**2020**	**2019**
Wages and salaries	17,709	18,478
Consulting and information services	4,467	3,816
Depreciation and amortisation	1,744	1,611
Taxes other than income tax	950	767
Insurance	519	511
Maintenance and repair	441	644
Tax fines and penalties	441	261
Training expenses	258	469
Communication	257	362
Materials and supplies	197	224
Security	178	168
Business trip expenses	170	794
Corporate events	161	406
Utilities	160	163
Bank charges	86	93
Rent	75	315
Stationery	70	76
Representative expenses	45	82
Other	1,654	2,784
Total general and administrative expenses	**29,582**	**32,024**

13 Impairment Losses and Reversal of Impairment Losses

In millions of Kazakhstani Tenge	**2020**	**2019**
Reversal of impairment losses of financial assets	425	111
Impairment losses of financial assets	(68)	(334)
Reversal of impairment/(impairment losses) on financial assets	**357**	**(223)**

The Group recognised the reversal of previously recognised impairments for the following non-financial assets:

In millions of Kazakhstani Tenge	**Note**	**2020**	**2019**
Inventories	29	963	1,313
Property, plant and equipment	21	42	49
Intangible assets	20	5	-
Other assets		34	11
Total reversal of impairment losses		**1,044**	**1,373**

13 Impairment Losses and Reversal of Impairment Losses (continued)

The Group recognised impairment losses for the following non-financial assets :

In millions of Kazakhstani Tenge	Note	2020	2019
Investments in associates		1,364	-
VAT recoverable		832	8
Inventories	29	654	1,318
Property, plant and equipment	21	252	259
Exploration and evaluation assets	24	23	1,989
Intangible assets	20	-	594
Other assets		7	381
Total impairment losses		**3,132**	**4,549**

14 Other Income

In millions of Kazakhstani Tenge	2020	2019
Gain from joint operations	4,874	16,995
Gain from write-off of other liabilities	647	670
Gain from fines and penalties	340	384
Gain on disposal of subsidiary	-	5,634
Other	1,509	1,662
Total other income	**7,370**	**25,345**

Gain from joint operations represents:

- In 2020 - the effect of exchange rate volatility and spot quotations influencing the acquisition of uranium from joint operations under the parity agreement.
- In 2019 - reversal of liability for uranium volumes not purchased by the Group from joint operations in 2018 and, which as agreed by the partners, the Group did not plan to acquire in future periods. Accordingly, the liability which was initially recorded at 31 December 2018 was derecognised in 2019.

15 Other Expenses and Net Foreign Exchange Gain/(Loss)

In millions of Kazakhstani Tenge	2020	2019
Remeasurement of non-financial liabilities	1,156	-
Social expenses	1,006	1,068
Loss on suspension of production	842	1,013
Non-recoverable VAT	624	1,491
Research expenses	505	551
Loss on disposal of intangible assets	347	4
Depreciation and amortisation	172	102
Loss on disposal of property, plant and equipment	93	564
Other	2,860	2,004
Total other expenses	**7,605**	**6,797**

Net foreign exchange gain/(loss)

In millions of Kazakhstani Tenge	2020	2019
Foreign exchange (loss)/gain on financing activities, net	(4,396)	1,121
Foreign exchange (loss)/gain on operating activities, net	8,155	(1,038)
Total foreign exchange gain, net	**3,759**	**83**

16 Personnel costs

In millions of Kazakhstani Tenge	2020	2019
Wages and salaries	59,270	58,723
Social tax and social contributions	6,437	6,161
Total personnel costs	**65,707**	**64,884**

17 Finance Income and Costs

In millions of Kazakhstani Tenge	2020	2019
Interest income calculated using the effective interest rate		
Cash and cash equivalents	2,679	1,357
Loans at amortised cost	1,182	1,435
Term deposits	402	996
Other financial income		
Financial derivative asset	435	-
Other	285	202
Total finance income	**4,983**	**3,990**
Finance costs		
Interest expense on loans and borrowings	4,284	7,337
Unwinding of discount on provisions	2,629	2,791
Loss on conversion of foreign currency	140	559
Dividends on preference shares	53	53
Unwinding of discount on other financial liabilities	52	74
Financial derivative asset	-	812
Other	522	329
Total finance costs	**7,680**	**11,955**

18 Income Tax Expense

(a) Components of income tax expense

Income tax expense recorded in profit or loss comprises the following:

In millions of Kazakhstani Tenge	2020	2019
Current income tax	65,492	43,948
Deferred income tax	(1,716)	(10,442)
Total income tax expense	**63,776**	**33,506**

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the majority of the Group’s profits in 2020 and 2019 is 20%.

18 Income Tax Expense (continued)

A reconciliation between the expected and the actual taxation charge is provided below:

In millions of Kazakhstani Tenge	2020	2019
Profit before tax	**285,144**	**247,255**
Theoretical tax charge at statutory tax rate of 20%	57,029	49,451
Tax effect of items which are not deductible or assessable for taxation purposes:		
Share of results of joint ventures and associates	(8,017)	(6,683)
Transfer pricing adjustment	2,561	1,474
Prior periods adjustments of income tax	3,966	(177)
Withholding tax on dividend payments	2,310	2,755
Income which is exempt from taxation	-	(1,461)
Non-taxable gain from joint operations (Note 14)	-	(3,399)
Net gain from business combinations not subject to tax (Note 43)	-	(10,930)
Other items	5,927	2,476
Income tax expense	**63,776**	**33,506**

As at 31 December 2020 and 2019, the Group did not recognise a deferred tax asset on impairment losses as management did not consider it probable that future taxable profit would be available against which the deduction could be utilised.

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below at 20%.

In millions of Kazakhstani Tenge	1 January 2020	Credited / (charged) to profit or loss	Exchange differences arising on translation of entities with foreign functional currency	31 December 2020
Tax effect of deductible/(taxable) temporary differences				
Property, plant and equipment, intangible assets and mineral rights	(131,377)	2,225	32	(129,120)
Accounts receivable	83	(457)	-	(374)
Loans and borrowings	(16)	16	-	-
Accounts payable	(1,301)	1,301	-	-
Provisions	1,414	(976)	-	438
Accrued liabilities on vacation payments and bonuses	1,104	51	-	1,155
Tax losses carried forward	198	(198)	-	-
Taxes	1,262	(346)	-	916
Inventories	11,837	676	-	12,513
Other assets	609	(720)	-	(111)
Other liabilities	163	144	(1)	306
	(116,024)	**1,716**	**31**	**(114,277)**
Recognised deferred tax asset	**13,558**	**(352)**	**-**	**13,206**
Recognised deferred tax liabilities	**(129,582)**	**2,068**	**31**	**(127,483)**

18 Income Tax Expense (continued)

Management estimates that deferred tax assets of Tenge 438 million in 2020 (2019: Tenge 1,612 million) are recoverable after more than twelve months after the end of the reporting period. Investments in subsidiaries, associates and joint ventures will be recovered primarily through dividends. Dividends from subsidiaries, associates and joint ventures are not taxable, accordingly the Group did not recognise deferred tax on undistributed earnings from investments.

The tax effect of the movements in the temporary differences for the year ended 31 December 2019 is:

In millions of Kazakhstani Tenge	**1 January 2019**	**Credited / (charged) to profit or loss**	**Business combinations and other**	**31 December 2019**
Tax effect of deductible/(taxable) temporary differences				
Property, plant and equipment, intangible assets and mineral rights	(101,273)	7,110	(37,214)	(131,377)
Accounts receivable	(46)	129	-	83
Loans and borrowings	(32)	16	-	(16)
Accounts payable	-	(1,301)	-	(1,301)
Provisions	1,396	21	(3)	1,414
Accrued liabilities	1,083	16	5	1,104
Tax losses carried forward	444	(246)	-	198
Taxes	1,033	137	92	1,262
Inventories	7,494	4,343	-	11,837
Other assets	154	138	317	609
Other liabilities	84	79	-	163
	(89,663)	**10,442**	**(36,803)**	**(116,024)**
Recognised deferred tax asset	**7,552**	**5,592**	**414**	**13,558**
Recognised deferred tax liabilities	**(97,215)**	**4,850**	**(37,217)**	**(129,582)**

In the context of the Group's structure, tax losses of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

The Group has unrecognised deferred tax assets in respect of unused tax loss carry forwards of Tenge 5,435 million in 2020 (2019: Tenge 4,991 million). The tax loss carry forwards expire as follows:

In millions of Kazakhstani Tenge	**2020**	**2019**
2025	2,719	2,478
2026	676	676
2027	188	188
2028	1,120	1,120
2029	172	172
2030	560	-
Total unrecognised deferred tax asset on tax losses	**5,435**	**4,991**

19 Earnings per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the number of ordinary shares in issue during the year (Note 32). The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal the basic earnings per share. Earnings per share from continuing operations is calculated as follows:

In millions of Kazakhstani Tenge	2020	2019
Profit for the year for the year attributable to owners of the Company (in millions of Kazakhstani Tenge)	183,541	189,998
Number of ordinary shares (in thousands)	259,357	259,357
Earnings per share attributable to the owners of the Company, basic and diluted (rounded to Tenge)	708	733

On 27 September 2019, the Company issued 70 million indexed to US dollar bonds which were included in the official list of Kazakhstan Stock Exchange JSC (hereinafter - the “KASE”). The Company and the KASE concluded an Agreement on listing of corporate securities dated 19 September 2019. In accordance with the Agreement’s requirements and Listing Rules the Company should present information on the book value of one share calculated in accordance with the Listing Rules.

Book value per share is calculated as follows:

In millions of Kazakhstani Tenge	2020	2019
Total assets of the Group (in millions Tenge)	1,689,279	1,674,133
Intangible assets (in millions Tenge)	(59,906)	(54,697)
Total liabilities of the Group (in millions Tenge)	(349,487)	(431,979)
	1,279,886	**1,187,457**
Number of ordinary shares (in thousands)	259,357	259,357
Book value of one share (Tenge per share)	4,935	4,578

20 Intangible Assets

In millions of Kazakhstani Tenge	Licences and patents	Software	Goodwill	Other	Total
At 1 January 2019					
Cost	2,571	4,532	54,953	1,022	63,078
Accumulated amortisation and impairment	(776)	(1,307)	(6,459)	(437)	(8,979)
Carrying value	**1,795**	**3,225**	**48,494**	**585**	**54,099**
Additions	95	114	-	7	216
Disposals	(4)	(4)	-	(1)	(9)
Amortisation charge	(200)	(473)	-	(101)	(774)
Impairment	-	(594)	-	-	(594)
Transfers	(83)	(114)	-	197	-
Transfers from property, plant and equipment (Note 21)	-	2,222	-	86	2,308
Transfers from assets held for sale	-	1	-	-	1
Transfers to right-of-use assets	(550)	-	-	-	(550)
At 31 December 2019					
Cost	1,897	6,634	54,953	1,329	64,813
Accumulated amortisation and impairment	(844)	(2,257)	(6,459)	(556)	(10,116)
Carrying value	**1,053**	**4,377**	**48,494**	**773**	**54,697**
Additions	425	373	-	14	812
Disposals	(22)	(207)	-	(127)	(356)
Amortisation charge	(243)	(551)	-	(95)	(889)
Amortisation charge on disposals	22	47	-	127	196
Reversal of impairment	-	5	-	-	5
Transfers from property, plant and equipment (Note 21)	22	5,419	-	-	5,441
At 31 December 2020					
Cost	2,322	12,219	54,953	1,216	70,710
Accumulated amortisation and impairment	(1,065)	(2,756)	(6,459)	(524)	(10,804)
Carrying value	**1,257**	**9,463**	**48,494**	**692**	**59,906**

Goodwill impairment test

DP Ortalyk LLP, JV Akbastau JSC and Karatau LLP

As of 31 December 2020, goodwill relates to three cash-generating units: Tenge 5,166 million relates to subsurface use operations of DP Ortalyk LLP at the area Central on Mynkuduk mine, Tenge 24,808 million relates to Karatau LLP and Tenge 18,520 million relates to JV Akbastau JSC, which independently perform subsurface use operations at the Budenovskoye mine. The recoverable amount was determined on a value in use basis from forecast cash flows over the term of subsurface use contracts. Forecast cash flows are based on the approved volume of proven reserves, estimated volumes of production and sales over a life of mine plan approved by management, using a discount rate of 12.35% for 2020 year (2019: 11.97%). Production volumes are consistent with those agreed with the competent authority and independent consultant's report (Note 4) and are based on the production capacity of the cash-generating units. Key assumptions used in calculations include forecast prices, period direct costs and capital expenditures. Sales prices used in developing forecast cash flows were determined using an independent official source Ux Consulting LLC published in the fourth quarter of 2020. Direct costs are based on approved budgets for 2021-2025 and growth of 5.17% which approximates long-term average inflation rates. The estimated values in use significantly exceed the carrying amounts of the cash-generating units, including goodwill, and therefore even reasonably possible changes in key assumptions would not lead to impairment losses being recognised.

21 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In millions of Kazakhstani Tenge	**Land**	**Railway infra-structure**	**Buildings**	**Machinery and equipment**	**Vehicles**	**Other**	**Constructi on in progress**	**Total**
At 1 January 2019								
Cost	398	2,326	125,033	80,918	17,722	4,811	19,497	250,705
Accumulated depreciation and impairment	-	(769)	(27,259)	(31,789)	(10,396)	(2,316)	(1,787)	(74,316)
Carrying amount	**398**	**1,557**	**97,774**	**49,129**	**7,326**	**2,495**	**17,710**	**176,389**
Additions	9	-	151	2,603	2,493	1,034	13,481	19,771
Additions from business combinations		-	43	10	6		122	181
Transfers	-	-	9,899	1,088	323	15	(11,325)	-
Depreciation charge	-	(95)	(5,488)	(6,594)	(1,403)	(732)	-	(14,312)
Impairment loss (Note 13)	-	-	(179)	(49)			(31)	(259)
Reversal of impairment losses recognised in prior periods	-	-	8	31	-		10	49
Disposals	(1)	(315)	(393)	(85)	(20)	8	(102)	(908)
Disposal of subsidiary	-	-	(40)	(9)	(12)	(2)	(486)	(549)
Transfer from/(to) inventories	-	-	-	46		16	337	399
Transfers from/(to) intangible assets (Note 20)	-	-	-	-	-		(2,308)	(2,308)
Transfers from/(to) non-current assets held for sale	-	-	109	170	15	8	484	786
Changes in estimates	-	-	311	176	-	-	-	487
Transfer to mine development assets (Note 22)	-	-	-	-	-	-	(271)	(271)
Translation to presentation currency	-	-	28	(260)	(1)	231	-	(2)
At 31 December 2019								
Cost	406	2,007	135,023	83,240	20,133	6,011	19,372	266,192
Accumulated depreciation and impairment	-	(860)	(32,800)	(36,984)	(11,406)	(2,938)	(1,751)	(86,739)
Carrying amount	**406**	**1,147**	**102,223**	**46,256**	**8,727**	**3,073**	**17,621**	**179,453**
Additions	11	-	414	3,190	1,981	703	10,483	16,782
Transfers	2	28	6,638	5,406	335	119	(12,528)	-
Depreciation charge	-	(86)	(5,228)	(6,470)	(1,534)	(768)	-	(14,086)
Impairment loss (Notes 13)	-	-	(28)	(1)	-	-	(223)	(252)
Reversal of impairment losses recognised in prior periods	-	-	8	33	-	-	1	42
Disposals	-	-	(121)	(640)	(444)	(77)	(292)	(1,574)
Transfer from/(to) inventories	-	-	13	56	-	18	201	288
Transfers from/(to) intangible assets (Note 20)	-	-	-	19	-	-	(5,460)	(5,441)
Transfers from/(to) non-current assets held for sale	-	-	(13)	-	(1)	-	-	(14)
Transfer to investment property	-	-	(2,135)	(68)	-	-	-	(2,203)
Depreciation charge and impairment losses on disposals	-	-	110	566	412	67	214	1,369
Changes in estimates	(6)	-	(503)	(548)	-	-	-	(1,057)
Transfer to mine development assets (Note 22)	-	-	-	-	-	-	(593)	(593)
Translation to presentation currency	-	-	19	-	11	3	-	33
At 31 December 2020								
Cost	413	2,035	139,335	90,655	22,015	6,777	11,183	272,413
Accumulated depreciation and impairment	-	(946)	(37,938)	(42,856)	(12,528)	(3,639)	(1,759)	(99,666)
Carrying amount	**413**	**1,089**	**101,397**	**47,799**	**9,487**	**3,138**	**9,424**	**172,747**

21 Property, Plant and Equipment (continued)

Depreciation expense of Tenge 11,773 million (2019: Tenge 12,554 million) was charged to cost of sales, Tenge 67 million (2019: Tenge 70 million) to distribution expenses, Tenge 1,318 million (2019: Tenge 1,217 million) to administrative expenses and Tenge 158 million (2019: Tenge 217 million) to other expenses. The remaining depreciation expense is included in finished goods, work-in-process and other inventory.

At 31 December 2020, construction in progress included technical modernisation of UMP JSC of Tenge 1,307 million, expansion of the production of Inkai LLP of Tenge 2,670 million. At 31 December 2019, construction in progress included technical modernisation of UMP JSC of Tenge 3,966 million, technical modernisation of the automated control system of the Karamurun mine of RU-6 LLP of Tenge 505 million, expansion of the refining production of Karatau LLP of Tenge 2,545 million.

In 2020 Karatau LLP commissioned expansion of the refining production of Tenge 2,862 million, RU-6 LLP commissioned technical modernisation of the automated control system of the Karamurun mine for Tenge 835 million, DP Ortalyk LLP commissioned technological road "Zhalpak" for Tenge 3,586 million, UMP JSC commissioned technical modernisation for Tenge 1,155 million, JSC NAC Kazatomprom completed works on: commissioning of Digital Mine project, intangible asset for Tenge 3,078 million was recognised and SAP ERP implementation for UMP, intangible asset of Tenge 1,732 million was recognised.

At 31 December 2020, the Group had contractual capital expenditure commitments in respect of property, plant and equipment of Tenge 8,304 million (2019: Tenge 1,717 million).

There were no borrowing costs capitalised in 2020 (2019: 0).

At 31 December 2020, the gross carrying value of fully depreciated property, plant and equipment still in use was Tenge 21,093 million (2019: Tenge 15,881 million).

Depreciation and amortisation charged on long-term assets for the years ended 31 December are as following:

In millions of Kazakhstani Tenge	**2020**	**2019**
Mine development assets	27,308	30,875
Mineral rights	25,531	28,257
Property, plant and equipment	14,086	14,312
Intangible assets	889	774
Right-of-use assets	267	273
Total accrued depreciation and amortisation	**68,081**	**74,491**

Depreciation and amortisation charged to profit or loss for the years ended 31 December are as following:

In millions of Kazakhstani Tenge	**2020**	**2019**
Cost of sales	60,002	60,044
General and administrative expenses	1,744	1,611
Distribution expenses	66	70
Other expenses	172	102
Total depreciation and amortisation charged to profit or loss	**61,984**	**61,827**

22 Mine Development Assets

In millions of Kazakhstani Tenge	**Field preparation**	**Site restoration costs**	**Ion exchange resin**	**Total**
At 1 January 2019				
Cost	157,339	14,754	13,710	185,803
Accumulated depreciation and impairment	(61,214)	(886)	(2,627)	(64,727)
Carrying amount	**96,125**	**13,868**	**11,083**	**121,076**
Additions	21,464	-	322	21,786
Additions from business combinations	22,138	489	-	22,627
Transfers from inventory	3,412	-	457	3,869
Transfer from property, plant and equipment (Note 21)	271	-	-	271
Depreciation charge	(28,181)	(1,697)	(997)	(30,875)
Changes in accounting estimates	-	1,986	-	1,986
At 31 December 2019				
Cost	262,393	18,255	15,931	296,579
Accumulated depreciation and impairment	(147,164)	(3,609)	(5,066)	(155,839)
Carrying amount	**115,229**	**14,646**	**10,865**	**140,740**
Additions	22,236	-	-	22,236
Transfers from inventory	3,651	-	1,933	5,584
Transfer from property, plant and equipment (Note 21)	593	-	-	593
Transfer from exploration and evaluation assets (Note 24)	-	-	26	26
Depreciation charge	(25,815)	(701)	(792)	(27,308)
Changes in accounting estimates	(3,431)	(10,121)	-	(13,552)
At 31 December 2020				
Cost	285,442	8,134	17,890	311,466
Accumulated depreciation and impairment	(172,979)	(4,310)	(5,858)	(183,147)
Carrying amount	**112,463**	**3,824**	**12,032**	**128,319**

Estimated site restoration costs are capitalised when the Group recognises a provision for site restoration. The carrying value of the provision and site restoration assets is reassessed at each reporting period end (Notes 4 and 34).

23 Mineral Rights

In millions of Kazakhstani Tenge	
At 1 January 2019	
Cost	465,281
Accumulated amortisation and impairment	(12,842)
Carrying amount	**452,439**
Additions	4
Additions from business combinations	178,856
Amortisation charge	(28,257)
At 31 December 2019	
Cost	646,153
Accumulated amortisation and impairment	(43,111)
Carrying amount	**603,042**
Amortisation charge	(25,531)
At 31 December 2020	
Cost	646,153
Accumulated amortisation and impairment	(68,642)
Carrying amount	**577,511**

24 Exploration and Evaluation Assets

In millions of Kazakhstani Tenge	**Tangible assets**	**Intangible assets**	**Total**
At 1 January 2019	20,180	3,429	23,609
Additions	4,304	-	4,304
Disposals	(2,593)	-	(2,593)
Transfer to inventory	(398)	(6)	(404)
Impairment	(1,989)	-	(1,989)
At 31 December 2019	**19,504**	**3,423**	**22,927**
Additions	938	-	938
Transfer to mine development assets (Note 22)	(26)	-	(26)
Transfer to inventory	(25)	(1)	(26)
Impairment	(23)	-	(23)
Changes in accounting estimates	(845)	-	(845)
At 31 December 2020	**19,523**	**3,422**	**22,945**

25 Investments in Associates

The table below summarises the movements in the carrying amount of the Group's investment in associates:

In millions of Kazakhstani Tenge	2020	2019
Carrying value at 1 January	90,943	107,434
Share of results of associates	39,482	23,547
Contribution to charter capital	163	-
Transfer to assets held for sale	(2,297)	-
Disposals	-	(31,154)
Dividends received from associates	(42,265)	(8,884)
Impairment of investment (Note 1, 13)	(1,364)	-
Other	(36)	-
Carrying value at 31 December	**84,626**	**90,943**

The Group's interests in its principal associates were as follows:

			2020		2019	
	Country of incorpora-tion	**Principal activities**	**% ownership interest held / % of voting rights**	**Carrying value in millions of Tenge**	**% ownership interest held / % of voting rights**	**Carrying value in millions of Tenge**
JV KATCO LLP	Kazakhstan	Extraction, processing and export of uranium products	49%	55,845	49%	61,642
JV Zarechnoye JSC	Kazakhstan	Extraction, processing and export of uranium products	49.98%	10,983	49.98%	10,011
JV South Mining Chemical Company LLP	Kazakhstan	Extraction, processing and export of uranium products	30%	11,321	30%	7,580
Kyzylkum LLP	Kazakhstan	Extraction, processing and export of uranium products	50%	5,424	50%	6,511
Caustic JSC	Kazakhstan	Supply of caustic soda	40%	-	40%	3,856
SSAP LLP (former JV SKZ Kazatomprom LLP)	Kazakhstan	Production of sulphuric acid	9.89%	668	9.89%	689
JV Rusburmash Kazakhstan LLP	Kazakhstan	Geological exploration, drilling services	49%	240	49%	446
Zhanakorgan-Transit LLP	Kazakhstan	Transportation	40%	145	40%	208
Total investments in associates				**84,626**		**90,943**

In November 2020 the Ministry of Energy of the Republic of Kazakhstan refused approval sought by JV KATCO LLP ("the Partnership") of an addendum to the subsoil use contract for the transition to commercial development of reserves "at the South Tortkuduk" field. In December 2020, the Partnership appealed this decision to the Supreme Court of the Republic of Kazakhstan. The result of this appeal is outstanding at the date of these financial statements. Accordingly, there is uncertainty about the ability of JV KATCO LLP to carry out commercial development of the reserves of the Southern Tortkuduk field. The Group's management believes that the probability is low of early termination of the JV KATCO LLP contract or the failure to conclude an addendum to the contract, therefore the Group has not recognised in these consolidated financial statements any impairment loss in respect of its investment in JV KATCO LLP.

25 Investments in Associates (continued)

Summarised financial information for 2020 in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

In millions of Kazakhstani Tenge	Kyzylkum LLP	JV KATCO LLP	JV South Mining Chemical Company LLP	JV Zarechnoye JSC	Other	Total
Current assets	1,336	73,445	40,574	10,414	3,426	129,195
Including cash	248	54,080	24,619	3,444	224	82,615
Non-current assets	25,811	73,426	34,984	16,311	11,656	162,188
Total assets	**27,147**	**146,871**	**75,558**	**26,725**	**15,082**	**291,383**
Current liabilities	(4,299)	(8,291)	(24,674)	(2,583)	(6,225)	(46,072)
Including financial liabilities net of trade and other accounts payable and provisions	(3,144)	(265)	(19,999)	(32)	(556)	(23,996)
Incl. loan from the Company	(3,089)	-	-	-	-	(3,089)
Non-current liabilities	(10,463)	(8,768)	(9,804)	(1,201)	(398)	(30,634)
Including financial liabilities net of trade and other accounts payable and provisions	(9,526)	(201)	(6,719)	-	-	(16,446)
Incl. loan from the Company	(9,509)	-	-	-	-	(9,509)
Total liabilities	**(14,762)**	**(17,059)**	**(34,478)**	**(3,784)**	**(6,623)**	**(76,706)**
Net assets	**12,385**	**129,812**	**41,080**	**22,941**	**8,459**	**214,677**
Group's share of net assets of associates	6,192	63,608	12,324	11,465	1,097	94,686
Unrealised profit in the Group	-	(7,831)	(1,003)	(524)	-	(9,358)
Other	(768)	-	-	42	(126)	(852)
Goodwill	-	68	-	-	82	150
Carrying value of investments in associates	**5,424**	**55,845**	**11,321**	**10,983**	**1,053**	**84,626**
Total revenue	11,119	93,923	76,439	20,253	15,505	217,239
Depreciation and amortisation	(628)	(11,830)	(5,252)	(3,431)	(1,531)	(22,672)
Finance income	33	16	192	5	60	306
Finance costs	(2,351)	(824)	(1,384)	(116)	(908)	(5,583)
Foreign exchange gain/(loss)	(11)	6,038	261	(177)	(321)	5,790
(Impairment losses)/reversal of impairment losses	38	(56)	(36)	(7)	-	(61)
Income tax	(201)	(13,178)	(10,775)	(1,750)	(111)	(26,015)
Profit/(loss) for the year	682	52,267	41,531	6,426	(1,194)	99,712
Other comprehensive income/(loss)	(47)	-	(41)	-	-	(88)
Total comprehensive income/(loss)	**635**	**52,267**	**41,490**	**6,426**	**(1,194)**	**99,624**
Unrealised profit		(538)	(926)	(192)		(1,656)
Other	-	-	-	-	-	
Share of result of associates	341	25,073	11,553	3,020	(485)	39,482
Dividends received	1,568	30,870	7,780	2,047	-	42,265

25 Investments in Associates (continued)

Summarised financial information for 2019 in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

In millions of Kazakhstani Tenge	Kyzylkum LLP	JV KATCO LLP	JV South Mining Chemical Company LLP	JV Zarechnoye JSC	JV Khorasan-U LLP	Other	Total
Current assets	2,097	96,384	33,084	8,102	-	6,803	146,470
Including cash	1,650	70,083	9,136	1,553	-	513	82,935
Non-current assets	29,376	63,374	38,187	16,881	-	22,145	169,963
Total assets	**31,473**	**159,758**	**71,271**	**24,983**	**-**	**28,948**	**316,433**
Current liabilities	(3,990)	(7,961)	(34,899)	(2,909)	-	(7,539)	(57,298)
Including financial liabilities net of trade and other accounts payable and provisions	(2,799)	(176)	(13,043)	(35)	-	(1,668)	(17,721)
Incl. loan from the Company	(2,798)	-	-	-	-	-	(2,798)
Non-current liabilities	(12,762)	(11,253)	(10,848)	(1,463)	-	(13,375)	(49,701)
Including financial liabilities net of trade and other accounts payable and provisions	(10,496)	(325)	(7,498)	-	-	(12,509)	(30,828)
Incl. loan from the Company	(10,496)	-	-	-	-	-	(10,496)
Total liabilities	**(16,752)**	**(19,214)**	**(45,747)**	**(4,372)**	**-**	**(20,914)**	**(106,999)**
Net assets	**14,721**	**140,544**	**25,524**	**20,611**	**-**	**8,034**	**209,434**
Group's share of net assets of associates	7,361	68,867	7,657	10,301	-	900	95,086
Unrealised profit in the Group	-	(7,293)	(77)	(332)	-	-	(7,702)
Other movements	(850)	-	-	42	-	(221)	(1,029)
Goodwill	-	68	-	-	-	4,520	4,588
Carrying value of investments in associates	**6,511**	**61,642**	**7,580**	**10,011**	**-**	**5,199**	**90,943**
Total revenue	11,816	78,298	57,899	18,563	4,101	18,135	188,812
Depreciation and amortisation	(654)	(12,390)	(5,662)	(3,917)	(399)	(2,044)	(25,066)
Finance income	70	13	253	34	20	50	440
Finance costs	(886)	(722)	(1,115)	(145)	(10)	(1,350)	(4,228)
Net foreign exchange gain/(loss)	(10)	(227)	(322)	23	(242)	65	(713)
(Impairment losses)/reversal of impairment losses	-	474	-	-	-	-	474
Income tax	(107)	(7,522)	(6,066)	(1,089)	(540)	(9)	(15,333)
Profit/(loss) for the year	2,780	33,638	25,767	4,096	1,003	810	68,094
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive income/(loss)	**2,780**	**33,638**	**25,767**	**4,096**	**1,003**	**810**	**68,094**
Unrealised profit	-	(4,545)	34	(333)	(167)	-	(5,011)
Share of result of associates	1,390	11,938	7,765	1,715	335	404	23,547
Dividends received	-	-	7,475	1,409	-	-	8,884

26 Investments in Joint Ventures

The table below summarises the movements in the carrying amount of the Group's investment in joint ventures:

In millions of Kazakhstani Tenge	**2020**	**2019**
Carrying value at 1 January	33,122	40,442
Contributions to charter capital	2,499	524
Share of results of joint ventures	604	9,864
Effect of translation to presentation currency	-	1,712
Transfer to assets held for sale	-	(18,670)
Dividends received from joint ventures	(1,005)	(739)
Other	41	(11)
Carrying value at 31 December	**35,261**	**33,122**

The Group's interests in its principal joint ventures were as follows:

			2020		**2019**	
	Country of incorpora-tion	**Principal activity**	**% ownership interest held**	**Carrying value in millions of Tenge**	**% ownership interest held**	**Carrying value in millions of Tenge**
Semizbay-U LLP	Kazakhstan	Extraction, processing and export of uranium products	51.00%	17,900	51.00%	15,098
Ulba-FA LLP	Kazakhstan	Production of fuel assemblies and their components	51.00%	4,636	51.00%	6,381
JV Budenovskoe LLP	Kazakhstan	Extraction, processing and export of uranium products	51.00%	5,881	51.00%	5,632
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	79.23%	3,068	79.52%	3,055
SKZ-U LLP	Kazakhstan	Production of sulphuric acid	49.00%	3,776	49.00%	2,956
JV UKR TVS CJSC	Ukraine	Production of nuclear fuel	33.33%	-	33.33%	-
Total investments in joint ventures				**35,261**		**33,122**

26 Investments in Joint Ventures (continued)

Summarised financial information on respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

	Semizbay-U LLP		JV Budenovskoe LLP		Other		Total	
In millions of Kazakhstani Tenge	2020	2019	2020	2019	2020	2019	2020	2019
Current assets	14,186	13,582	194	3,358	11,742	8,276	26,122	25,216
Including cash	2,946	1,792	193	3,352	1,051	1,352	4,190	6,496
Non-current assets	20,572	20,919	23,840	19,492	52,660	46,873	97,072	87,284
Total assets	**34,758**	**34,501**	**24,034**	**22,850**	**64,402**	**55,149**	**123,194**	**112,500**
Current liabilities	(2,647)	(7,987)	(495)	(119)	(11,655)	(10,129)	(14,797)	(18,235)
Including financial liabilities net of trade and other accounts payable and provisions	(72)	(4,791)	(13)	-	(6,063)	(5,244)	(6,148)	(10,035)
Non-current liabilities	(4,077)	(4,605)	(320)	-	(31,316)	(21,324)	(35,713)	(25,929)
Including financial liabilities net of trade and other accounts payable and provisions	-	-	(320)	-	(30,192)	(21,019)	(30,512)	(21,019)
Total liabilities	**(6,724)**	**(12,592)**	**(815)**	**(119)**	**(42,971)**	**(31,453)**	**(50,510)**	**(44,164)**
Net assets	**28,034**	**21,909**	**23,219**	**22,731**	**21,431**	**23,696**	**72,684**	**68,336**
Group's share of net assets of joint ventures	14,297	11,173	11,841	11,592	12,120	13,471	38,258	36,236
Share in accumulated unrecognised losses	-	-	-	-	-	23	-	23
Goodwill	4,105	4,105	-	-	(1,374)	(1,397)	2,731	2,708
Impairment losses	-	-	-	-	(21)	(21)	(21)	(21)
Other	(7)	-	-	-	755	316	748	316
Unrealised gain	-	-	(5,960)	(5,960)	-		(5,960)	(5,960)
Unrealised profit in the Group	(495)	(180)	-	-	-	-	(495)	(180)
Carrying value of investments in joint ventures	**17,900**	**15,098**	**5,881**	**5,632**	**11,480**	**12,392**	**35,261**	**33,122**
Total revenue	26,068	23,650	-	-	12,359	15,087	38,427	38,737
Depreciation and amortisation	(3,177)	(2,973)	-	-	(1,282)	(1,239)	(4,459)	(4,212)
Finance income	85	35	-	2	36	226	121	263
Finance costs	(531)	(496)	(20)	(17)	(892)	(5,664)	(1,443)	(6,157)
Foreign exchange gain/(loss)	30	(133)	486	-	(2,771)	11,426	(2,255)	11,293
Impairment losses	(255)	-	(49)	-	(2,623)	-	(2,927)	-
Income tax	(2,015)	(1,558)	(9)	-	(1,248)	(2,391)	(3,272)	(3,949)
Profit/(loss) for the year	8,082	6,552	408	(196)	(4,886)	13,907	3,604	20,263
Other comprehensive income/(loss)	14	-	-	-	-	(22)	14	(22)
Total comprehensive income/(loss)	**8,096**	**6,552**	**408**	**(196)**	**(4,886)**	**13,885**	**3,618**	**20,241**
Other	(314)	(180)	-	-	-	-	(314)	(180)
Share of results of joint ventures	**3,807**	**3,161**	**208**	**(100)**	**(3,411)**	**6,803**	**604**	**9,864**
Dividends received	1,005	739	-	-	-	-	1,005	739

26 Investments in Joint Ventures (continued)

The above joint ventures are accounted using the equity method in the consolidated financial statements.

Together with the Chinese company China General Nuclear Power Corporation (CGNPC), the Group is involved in the construction of a fuel assembly plant in Kazakhstan with a capacity to supply Chinese nuclear power plants with up to 200 tons of enriched uranium per annum. In December 2015, subsidiaries of the Company and CGNPC established a joint venture Ulba-FA LLP with 51% and 49% respective interests, which is responsible for construction and operation of the plant. The fuel assembly plant was commissioned in December 2020. During 2021 it is expected that Ulba-FA LLP will complete the certification of the plant and then begin production and sale of products according to a long-term contract signed between Ulba-FA LLP and CGNPC-Uranium Resources.

Management regularly evaluates whether the Group exercises control, joint control or significant influence over investees including subsidiaries, associates and joint ventures. Management applies judgement in this evaluation, including: (a) determination of availability of power that gives to the Group ability to direct the relevant activities of the investees that significantly affect their returns, and (b) determination of ability to use its power over the investees to affect the amount of the investor's returns. Management concluded that the Group does not have the ability to use its power to exercise control over Uranenergo LLP. Accordingly, this investment is classified as an investment in a joint venture.

27 Accounts Receivable

In millions of Kazakhstani Tenge	**2020**	**2019**
Trade accounts receivables from related parties	-	67
Other receivables	22	-
Provision for impairment of other receivables	(22)	-
Total non-current net accounts receivable	**-**	**67**
Trade accounts receivable	115,026	87,707
Trade accounts receivable from related parties	2,398	3,242
Total gross trade accounts receivable	**117,424**	**90,949**
Provision for impairment of trade receivables	(90)	(446)
Provision for impairment of trade receivables from related parties	(20)	(37)
Total current net trade accounts receivable	**117,314**	**90,466**
Other accounts receivable	160	921
Other accounts receivable from related parties	22	4
Total gross other accounts receivable	**182**	**925**
Provision for impairment of other receivables	(78)	(764)
Total net other accounts receivable	**104**	**161**
Total current accounts receivable	**117,418**	**90,627**

Information on the Group's exposure to credit and currency risks and provision for impairment for accounts receivable is disclosed in Note 40.

28 Other Assets

In millions of Kazakhstani Tenge	2020	2019
Non-current		
Restricted cash	14,846	13,167
VAT recoverable	14,544	1,029
Long-term inventories	7,790	7,333
Advances for non-current assets	972	1,104
Prepaid expenses	809	1,290
Loans to employees	454	596
Advances to related parties	-	157
Term deposits	15	13
Total other non-current assets	**39,430**	**24,689**
Current		
Advances for goods and services	3,402	2,981
Prepaid expenses	1,758	758
Prepaid insurance	871	874
Prepaid taxes other than income tax	767	1,520
Advances to related parties for goods and services	423	235
Restricted cash	354	485
Dividends receivable from related parties	310	5,074
Due from employees	274	330
Term deposits	-	1
Total other current assets	**8,159**	**12,258**

Financial assets within other current and non-current assets include restricted cash, loans to employees and dividends receivable. Other current and non-current assets are non-financial assets.

Non-current inventories include stock of enriched uranium which has been held since Group’s inception for future use after commissioning of new facilities for production of uranium pellets. Management does not plan to use these inventories in operational activity during the year after the reporting date.

In accordance with the terms of its subsurface use contracts, the Group transfers cash to long-term bank deposits to finance site restoration activities. As at 31 December 2020 the balance of restricted cash held in long-term bank deposits related to financing of future site restoration activities of Tenge 14,751 million (2019: Tenge 13,148 million).

29 Inventories

In millions of Kazakhstani Tenge	2020	2019
Finished goods and goods for resale	185,397	171,452
Including uranium products	183,633	170,105
Work-in-process	22,923	22,317
Raw materials	20,179	19,071
Other materials	5,104	4,913
Materials in processing	1,204	1,045
Fuel	655	787
Spare parts	682	626
Provision for obsolescence and write-down to net realisable value	(2,755)	(3,152)
Total inventories	**233,389**	**217,059**

29 Inventories (continued)

Movements in the provision for obsolescence are as follows:

In millions of Kazakhstani Tenge	**2020**	**2019**
Balance at 1 January	(3,152)	(2,672)
Reversal of provision during the year	963	1,313
Inventory write off during the year	108	206
Accrual of provision during the year	(654)	(1,318)
Translation of foreign currency	(20)	-
Transfer to assets held for sale	-	(681)
Balance at 31 December	**(2,755)**	**(3,152)**

30 Loans to Related Parties

In millions of Kazakhstani Tenge	**2020**	**2019**
Non-current		
Kyzylkum LLP	8,495	10,496
Provision for impairment	(72)	(371)
Total non-current loans	**8,423**	**10,125**
Current		
Kyzylkum LLP	3,089	2,798
Total current loans	**3,089**	**2,798**

In 2010, the Group provided an interest-bearing long-term loan to Kyzylkum LLP with maturity to 2024. The loan is collateralised by the property of Kyzylkum LLP. From December 2015, JV Khorasan-U LLP is a co-borrower of the loan to Kyzylkum LLP and is a guarantor of the loan. The weighted average annual interest rate on loans to related parties in 2020 was 8.5% (2019: 8.5%). According to internal estimates, the level of credit risk for this loan is estimated as moderate.

31 Cash and Cash Equivalents

In millions of Kazakhstani Tenge	**2020**	**2019**
Current bank accounts	95,257	82,931
Demand deposits	14,987	14,146
Reverse repo transaction	3,118	-
Cash in hand	5	14
Cash in transit	-	1,495
Provision for impairment	(20)	(26)
Total cash and cash equivalents	**113,347**	**98,560**

32 Share Capital

At 31 December 2020 the total number of authorised and paid ordinary shares is 259,356,608 (2019: 259,356,608).

In November 2018, Samruk-Kazyna JSC placed 15% of the Company's shares (equivalent to) 38,903,491 shares / global depositary receipts on the London Stock Exchange (LSE) and the Astana International Exchange (AIX). As of 31 December 2018, Samruk-Kazyna JSC owned 85% of the issued ordinary shares, other legal entities and individuals – owned 15% of the Company's ordinary shares. Each ordinary share carries one vote. On 26 September 2019, Samruk-Kazyna JSC offered an additional 9,863,021 GDRs on LSE and AIX. Price for the additional offer was 13 USD per GDR. As of 31 December 2019, Samruk-Kazyna JSC owned 81.28% of the issued ordinary shares and 18.72% were on a free float. In June 2020, Samruk-Kazyna JSC offered an additional 16,281,423 shares and GDRs on AIX and LSE. The price of the additional offer was US Dollar 13 per GDR and Tenge 5,230.81 per ordinary share. As of 31 December 2020, Samruk-Kazyna JSC owned 75% of the issued ordinary shares and 25% were on a free float.

Dividends declared and paid during the year were as follows:

In millions of Kazakhstani Tenge	**2020**	**2019**
Dividends payable at 1 January	-	-
Dividends declared during the year	99,002	80,001
Dividends paid during the year	(99,002)	(80,001)
Dividends payable at 31 December	**-**	**-**
Dividends declared per share, in Tenge	**382**	**308**

33 Loans and Borrowings

In millions of Kazakhstani Tenge	**2020**	**2019**
Non-current		
Bonds	76,300	69,300
Total non-current loans and borrowings	**76,300**	**69,300**
Current		
Promissory notes issued	14,004	17,460
Bank loans	6,734	71,847
Bonds	788	716
Non-bank loans	-	641
Total current loans and borrowings	**21,526**	**90,664**
Total loans and borrowings	**97,826**	**159,964**

On 27 September 2019, the Company issued 70 million bonds indexed to US Dollars on the organised securities market of Kazakhstan Stock Exchange JSC ("KASE"). The face value of one bond is 1,000 Tenge with maturity on 27 October 2024. The purpose of the placement was to refinance bonds issued on 11 October 2018 in the amount of Tenge 70,000 million.

During 2020 the Company signed agreements to open two credit lines with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation with the funds to be used for corporate purposes, including financing of working capital needs. The facilities are unsecured and are for an amount of US Dollar 120 million, for a period of three years. The undrawn facilities amount at 31 December 2020 was US Dollar 104 million.

Promissory notes were issued by JV Khorasan-U LLP in December 2014 to repay amounts owing for mine development assets. In 2019 JV Khorasan-U LLP became a subsidiary of the Group. According to the terms, the promissory notes are payable on demand at an interest rate of 0.1%. As of 31 December 2020, the right of claim under these promissory notes belongs to Kyzylkum LLP, an associate of the Group.

33 Loans and Borrowings (continued)

Information about the Group's loans and borrowings is presented as follows:

In millions of Kazakhstani Tenge	Currency	Maturity	2020	2019
Bank loans				
Sumitomo Mitsui Bankinq Corporation	US Dollar	2021	6,734	-
Halyk Bank JSC	US Dollar	2020	-	55,532
Mizuho Bank, Limited	US Dollar	2020	-	16,315
Total bank loans			**6,734**	**71,847**
Non-bank loans				
Kozhema-Katko-Demeu	Tenge	2024	-	641
Total non-bank loans			**-**	**641**
Bonds				
Bonds	US Dollar	2024	77,088	70,016
Total bonds			**77,088**	**70,016**
Promissory note issued				
Kyzylkum LLP	US Dollar	on demand	14,004	17,460
Total promissory note issued			**14,004**	**17,460**

In 2020, the Group's weighted average interest rate on fixed interest rate loans was 3.31% (2019: 3.67%) and on floating interest rate loans was 1.99% (2019: 3.91%).

Reconciliation of debt

The table below shows an analysis of the debt amount and changes in the Group's liabilities arising from financing activities for each of the periods presented:

In millions Kazakhstani Tenge	Loans and borrowings	Lease liabilities	Total
Debt at 31 December 2018	**199,690**	**479**	**200,169**
Proceeds from loans and borrowings	203,250	-	203,250
Issue of bonds	70,000	-	70,000
Additions from business combinations	17,441	-	17,441
Interest accrued	7,140	197	7,337
Repayment of loans and borrowings	(255,872)	(463)	(256,335)
Repayment of bonds	(73,500)	-	(73,500)
Interest paid	(7,008)	(176)	(7,184)
Foreign currency translation	(1,121)	(2)	(1,123)
Other non-cash changes	(56)	1,359	1,303
Debt at 31 December 2019	**159,964**	**1,394**	**161,358**
Proceeds from loans and borrowings	119,093	-	119,093
Foreign currency translation	11,391	17	11,408
Interest accrued	4,174	110	4,284
Repayment of loans and borrowings	(191,991)	(465)	(192,456)
Interest paid	(4,149)	(128)	(4,277)
Other non-cash changes	(656)	(182)	(838)
Debt at 31 December 2020	**97,826**	**746**	**98,572**

34 Provisions

In millions of Kazakhstani Tenge	**Compensation for occupational deceases**	**Environmental protection**	**Site restoration**	**Other**	**Total**
At 1 January 2019					
Non-current	246	2,994	29,607	38	32,885
Current	91	96	-	-	187
Total	**337**	**3,090**	**29,607**	**38**	**33,072**
Provision for the year	36	-	1,840	2	1,878
Unwinding of discount	25	202	2,564	-	2,791
Disposals	-	-	(22)	-	(22)
Additions from business combinations	-	-	712	-	712
Provision used	(85)	(46)	(589)	-	(720)
Change in estimates	-	270	2,393	-	2,663
At 31 December 2019					
Non-current	228	3,420	35,799	40	39,487
Current	85	96	706	-	887
Total	**313**	**3,516**	**36,505**	**40**	**40,374**
Provision for the year	(27)	(1)	(27)	2	(53)
Unwinding of discount	22	244	2,362	1	2,629
Disposals	-	-	(24)	-	(24)
Reversal of provision	-	(43)	-	-	(43)
Provision used	(77)	(100)	-	-	(177)
Change in estimates	-	(459)	(14,975)	-	(15,434)
At 31 December 2020					
Non-current	154	3,061	23,135	43	26,393
Current	77	96	706	-	879
Total	**231**	**3,157**	**23,841**	**43**	**27,272**

Provision for environmental protection

The Group has a legal obligation to dispose of radioactive waste, eliminate and decommission contaminated items of property, plant and equipment after the closure of the facility. The amount of the provision was determined at the end of the reporting period using the nominal prices effective at that date. The amount of the provision for landfill restoration and asset remediation is determined using the nominal prices effective at the reporting dates, using the projected rate of long-term average inflation for the expected period of operation of landfills and the discount rate at the end of the reporting period.

Provision for restoration of mine sites

The Group estimates the site restoration costs for each mine operated by the Group. The undiscounted estimated cost of restoration of mine sites in 2020 is Tenge 116,533 million (2019: Tenge 97,087 million). The amount of provision for restoration of mine sites was calculated using current prices (the prices effective at the reporting date) for expenditures to be incurred and then inflated using the forecast inflation rate effective for the period until the settlement of restoration (5.17% for the period 2021-2045). The present value at 31 December 2020 has been estimated using a discount rate of 9.87% (2019: 7.13%), which is a risk free nominal rate as the future cash outflows reflect risk specific to the liability.

In view of the long-term nature of restoration of mine sites, there is uncertainty concerning the actual amount of expenses that will be incurred in performing site restoration activities for each mine (Note 4). Changes in estimates occur due to annual revision of costs for site liquidation including newly drilled wells, sand traps and other facilities subject to subsequent liquidation.

34 Provisions (continued)

In accordance with the terms of the subsurface use agreements the Group places cash in long-term bank deposits to finance future site restoration activities. As at 31 December 2020, the accumulated transfers to restricted deposits amounted to Tenge 19,246 million (2019: Tenge 17,668 million).

Key assumptions which serve as the basis for determining the carrying value of the provision for restoration of mine sites provision are as follows:

- there is a high probability that the Group will proceed to development and production stages for its fields which are currently under exploration. This creates a constructive obligation for the Group to recognise a site restoration provision for all mining and exploration licenses;
- the expected term for future cash outflows for the mine sites is based on the life of the mines. A substantial part of expenditures is expected to occur in 2021-2045, at the end of the life of the mine.

35 Accounts Payable

In millions of Kazakhstani Tenge	**2020**	**2019**
Trade accounts payable	23,227	25,070
Trade accounts payable to related parties	18,880	32,163
Total current trade accounts payable	**42,107**	**57,233**
Other accounts payable	1,841	1,328
Other accounts payable to related parties	-	1
Total current other accounts payable	**1,841**	**1,329**
Total current accounts payable	**43,948**	**58,562**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 40.

36 Other Liabilities

In millions of Kazakhstani Tenge	**2020**	**2019**
Non-current		
Advances received	3,632	3,431
Deferred income	1,309	1,397
Historical costs liabilities	396	897
Preferred shares	265	265
Issued financial guarantees	250	69
Advances received from related parties	7	12
Other	352	531
Total non-current other liabilities	**6,211**	**6,602**
Current		
Amounts due under uranium swap contracts	11,588	4,178
Liabilities under inventory loan agreements	10,522	-
Accrued unused vacation payments and bonuses	5,775	5,521
Wages and salaries payable	1,509	1,694
Advances received	1,460	1,663
Social contributions payable	1,078	1,007
Historical costs liabilities	620	581
Dividends payable to other participants	265	4,775
Deferred income	203	319
Liabilities under contracts with customers	85	-
Advances received from related parties	69	218
Issued financial guarantees	7	165
Other	1,337	561
Total current other liabilities	**34,518**	**20,682**

36 Other Liabilities (continued)

In accordance with the terms of the subsurface use contracts the Group is required to reimburse the historical costs related to the geological research and other costs incurred by the Republic of Kazakhstan for exploration of the contractual territories before the transfer of subsurface use rights to the Group. In accordance with tax legislation, the historical costs are to be reimbursed to the Government via quarterly payments over a 10 year period, beginning from the date of commercial extraction of uranium. The liability represents the discounted cash flow of estimated future payments. The discount rate applied for historical costs denominated in USD was 3.3% and 7% for historical costs denominated in Tenge.

37 Contingencies and Commitments

Compliance with contractual obligations

According to the Decree of the President of the Republic of Kazakhstan dated 15 March 2020 No. 285 “On the introduction of a state of emergency in the Republic of Kazakhstan”, a state of emergency was introduced for the period from 16 March 2020 until 15 April 2020 and later extended until 11 May 2020. On 5 July 2020, the State Commission for Ensuring State of Emergency under the President of Kazakhstan, in consideration of the complications of the epidemiological situation and the increase in the prevalence of coronavirus infection in Kazakhstan, introduced restrictive measures for 14 days, subsequently extended until 16 August 2020.

Ensuring safety and health of employees is a major Company priority. In order to prevent the spread of coronavirus infection. JSC “NAC “Kazatomprom” undertook a number of measures during the year including suspension of mining preparation and repair and restoration. In this regard, production plans for 2020 were adjusted. As a result deviations from the contractual obligations or production of subsidiaries, associates and JV’s exceeded the levels acceptable under relevant RK regulations. All subsidiaries, associates and JV’s received certificates of the occurrence of force majeure from appropriate government authorities and sent notifications to the Competent authority about the reduction in production volumes due to the occurrence of force majeure.

On 13 April 2020 the State Commission on provision of state of emergency under the President of Kazakhstan assigned to the Ministry of Energy and other Ministries responsibility to consider postponement, without penalty, of the of the fulfillment of the contract and license obligations and working programs for 2020. Accordingly, the Group companies applied to the Ministry of Energy for sign addendums to subsoil use contracts on reduction of production volumes for 2020. The Group companies plan to sign addendums to the subsoil use contracts in 2021.

Legal proceedings

From time to time and in the normal course of business, claims against the Group may be received. Management concluded that no material losses will be incurred in respect of any such claims.

Tax legislation

The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. In particular, existing subsurface use contracts do not have tax stability from 1 January 2009 and tax liabilities are computed under common regime. This could result in unfavourable changes to subsurface users’ tax positions, including those of the Group. Non-compliance with Kazakhstani law and regulations as interpreted by the Kazakhstani authorities may lead to the assessment of additional taxes, penalties and interest.

Kazakhstani tax legislation and practice is in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In some cases, in order to determine the tax base, tax legislation refers to IFRS provisions, while interpretation of relevant provisions of IFRS by Kazakhstan’s tax authorities may differ from accounting policies, judgments and estimates used by management in preparation of these consolidated financial statements, which may lead to additional tax liabilities. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for five years.

The Group management believes that its interpretation of the relevant legislation is appropriate and the Group’s tax position will be sustained. Detailed information on pending tax disputes and assessments is presented below in this Note. In the opinion of the Group management, no material losses will be incurred in respect of existing and potential tax claims in excess of provision that have been made in these consolidated financial statements.

37 Contingencies and Commitments (continued)

(a) Transfer pricing legislation

Under law on transfer pricing international transactions are subject to state control. This law prescribes Kazakhstani companies to maintain and, if required, to provide economic rationale and method of the determination of prices used in international transactions, including existence of the documentation supporting the prices and differentials. Additionally, differentials could not be applied to the international transactions with companies registered in off-shore countries. In case of deviation of transaction price from market price the tax authorities have the right to adjust taxable items and to impose additional taxes, fines and interest penalties.

Regardless of the inherent risks that the tax authorities may question transfer pricing policy of the Group related to the law on transfer pricing, the management of the Group believes that it will be able to sustain its position in case if transfer pricing policy of the Group will be challenged by the tax authorities. From 1 January 2009 the Group self-assesses additional income tax to reflect market prices. The amount of recognised additional income tax in 2020 was Tenge 1,597 million (2019: Tenge 1,474 million) (Note 18).

(b) Complex tax inspections of the Group entities

As at 31 December 2020, the Group did not have any outstanding matters with tax authorities due to lack of comprehensive tax inspections during the year.

Insurance

The Kazakhstani insurance industry is in development, and many forms of insurance protection common in other countries are not available yet. The Group does not have full insurance coverage for its manufacturing plants, including damages caused by the cease of production or obligations incurred to third parties in connection with damages caused to the property or the environment resulting from accidents or operations.

Environmental obligations

As at the reporting date management concluded that the Group has no legal or constructive obligation to finance dismantlement and restoration of Ulba plant facilities (Note 4).

Guarantees

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. The maximum exposure to credit risk under financial guarantees, provided to secure financing of certain related parties, at 31 December 2020 is Tenge 19,390 million (2019: Tenge 15,038 million) (Note 8).

Compliance with covenants

The Group is subject to certain covenants related primarily to its loans and borrowings. Non-compliance with covenants may result in negative consequences for the Group including increase in borrowings expenses and declaration of default. The Group complies with all applicable covenants as of 31 December 2020 and 31 December 2019.

38 Non-controlling Interest

The following table provides information about each significant subsidiary that has a non-controlling interest that is material to the Group at 31 December 2020:

Name	Country of incorporation and principal place of business	Ownership rights held by non-controlling interest	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest
Ulba Metallurgical Plant JSC	Kazakhstan	9.82%	788	7,284
Appak LLP	Kazakhstan	35%	2,889	9,387
JV Inkai LLP	Kazakhstan	40%	19,304	94,682
JV Khorasan-U LLP	Kazakhstan	50%	8,888	98,450
Baiken-U LLP	Kazakhstan	47.5%	6,245	57,301
Total			**38,114**	**267,104**

The following table provides information about each significant subsidiary that has non-controlling interest that is material to the Group at 31 December 2019:

Name	Country of incorporation and principal place of business	Ownership rights held by non-controlling interest	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest
Ulba Metallurgical Plant JSC	Kazakhstan	9.82%	370	6,761
Appak LLP	Kazakhstan	35%	1,902	8,401
JV Inkai LLP	Kazakhstan	40%	13,263	87,579
JV Khorasan-U LLP	Kazakhstan	50%	3,759	89,563
Baiken-U LLP	Kazakhstan	47.5%	4,908	61,515
Total			**24,202**	**253,819**

38. Non-controlling Interest (Continued)

The summarised financial information of these subsidiaries is as follows:

In millions of Kazakhstani Tenge	**Ulba Metallurgical Plant JSC**		**Appak LLP**		**JV Inkai LLP**		**Baiken-U LLP**		**JV Khorasan-U LLP**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Current assets	46,052	41,913	17,428	15,648	54,033	46,442	29,913	39,294	63,461	40,930
Non-current assets	40,019	41,232	15,578	13,603	221,077	228,141	113,575	120,579	185,335	194,694
Current liabilities	(7,046)	(6,304)	(3,000)	(2,337)	(8,731)	(20,959)	(3,604)	(8,257)	(16,441)	(19,666)
Non-current liabilities	(7,116)	(7,232)	(3,052)	(2,915)	(35,470)	(35,478)	(19,086)	(22,110)	(35,291)	(36,832)
Equity, incl.	71,909	69,610	26,954	23,998	230,909	218,146	129,798	129,506	197,064	179,126
Equity attributable to the Group	64,625	62,849	17,576	15,597	136,227	130,567	63,497	67,991	98,614	89,563
Non-controlling interest	7,284	6,761	9,378	8,401	94,682	87,579	57,301	61,515	98,450	89,563
Revenue	46,338	42,229	21,970	18,378	78,973	75,819	38,060	38,477	49,290	37,589
Depreciation and amortisation	(1,666)	(1,552)	(1,073)	(2,192)	(10,985)	(11,021)	(10,028)	(9,195)	(11,394)	(7,911)
Including depreciation and amortisation at fair value	-	-	-	-	*(3,356)*	*(2,847)*	*(3,992)*	*(4,313)*	*(6,366)*	*(3,076)*
Finance income	171	378	244	110	111	187	358	717	187	150
Finance costs	(636)	(448)	(180)	(170)	(339)	(859)	(123)	(100)	(105)	(82)
Income tax expense	(3,314)	(1,722)	(2,918)	(1,524)	(13,597)	(8,961)	(4,395)	(3,799)	(5,699)	(3,059)
Including tax effect of depreciation and amortisation of adjustments to fair value	-	-	-	-	*658*	*576*	*800*	*1,027*	*1,273*	*1,166*
Net foreign exchange gain/(loss)	1,379	(142)	388	(52)	285	156	399	(120)	1,826	251
(Impairment losses)/reversal of impairment losses	(112)	(480)	(78)	(54)	-	(209)	-	(17)	-	2
Profit for the year	**5,463**	**3,267**	**8,227**	**5,435**	**33,315**	**33,157**	**13,148**	**10,333**	**17,775**	**7,518**
Profit attributable to the owners of the Company	4,675	2,897	5,348	3,533	14,011	19,894	6,903	5,425	8,887	3,759
Profit attributable to non-controlling interest	788	370	2,879	1,902	19,304	13,263	6,245	4,908	8,888	3,759
Profit for the year	**5,463**	**3,267**	**8,227**	**5,435**	**33,315**	**33,157**	**13,148**	**10,333**	**17,775**	**7,518**
Other comprehensive income/(loss)	50	(85)	1	-	(32)	(293)	(20)	(106)	-	-
Total comprehensive income for the year	**5,513**	**3,182**	**8,228**	**5,435**	**33,283**	**32,864**	**13,128**	**10,227**	**17,775**	**7,518**
Dividends declared to non-controlling interest	288	-	1,902	1,533	12,189	8,613	10,450	13,775	-	-
Net cash inflow/(outflow) from:										
- operating activities	6,935	3,126	5,807	5,014	46,968	36,443	19,324	20,722	19,052	11,166
- investing activities	(3,329)	(1,796)	(2,346)	(1,890)	(6,016)	798	(5,124)	(5,594)	(3,032)	(1,723)
- financing activities	(2,958)	(308)	(5,481)	(4,680)	(30,749)	(44,152)	(22,038)	(29,045)	(3,367)	-
Net cash inflow/(outflow)	**648**	**1,022**	**(2,020)**	**(1,556)**	**10,203**	**(6,911)**	**(7,838)**	**(13,917)**	**12,653**	**9,443**

39 Principal Subsidiaries

These consolidated financial statements include the following subsidiaries:

	Principal activity	Ownership 2020	Ownership 2019
Kazatomprom-Damu LLP	Consulting services on the Group's investment activity	90%	90%
KAP Technology JSC	Communication services	100%	100%
Korgan-Kazatomprom LLP	Security services	100%	100%
Appak LLP	Exploration, production, processing and sale of uranium products	65%	65%
Ulba Metallurgical Plant JSC	Production and processing of uranium materials, production of rare metals and semiconductor materials	90.18%	90.18%
Volkovgeologiya JSC	Exploration and research of uranium reserves, drilling services, monitoring of radiation level and environment conditions	90%	90%
High Technology Institute LLP	Research, project, development and engineering consulting services	100%	100%
MK KazSilicon LLP	Production and sale of metallurgical and polycrystalline silicon, recycling of silicon production waste	100%	100%
Kazakhstan Solar Silicon LLP	Production of silicon of solar quality, silicon slices and photovoltaic slices	100%	100%
Astana Solar LLP	Production of photovoltaic modules	100%	100%
DP Ortalyk LLP	Exploration, production, processing and sale of uranium products	100%	100%
RU-6 LLP	Exploration, production, processing and sale of uranium products	100%	100%
Kazatomprom-SaUran LLP	Exploration, production, processing and sale of uranium products	100%	100%
Trade and Transportation Company LLP	Procurement and transportation services	99.9999%	99.9999%
Kazakatom TH AG	Marketing function for sale of uranium, investment and administration of finances, goods and rights	100%	100%
JV Inkai LLP	Exploration, production, processing and sale of uranium products	60%	60%
Baiken-U LLP	Exploration, production, processing and sale of uranium products	52.5%	52.5%
JV Khorasan-U LLP	Exploration, production, processing and sale of uranium products	50%	50%

These consolidated financial statements include the following joint operations:

	Principal activity	Ownership 2020	Ownership 2019
Karatau LLP	Exploration, production, processing and sale of uranium products	50%	50%
JV Akbastau JSC	Exploration, production, processing and sale of uranium products	50%	50%
Energy Asia (BVI) Limited (EAL)	Commercial and investment activities	50%	50%

All entities are incorporated and operate on the territory of the Republic of Kazakhstan, except for Kazakatom TH AG, which is incorporated in Switzerland and EAL that is registered in the British Virgin Islands.

40 Financial Risk Management

Accounting policies and disclosures in respect of financial instruments are applied to the following classes of financial instruments:

In millions of Kazakhstani Tenge	Note	2020	2019
Financial assets			
Trade accounts receivable	27	117,314	90,533
Current bank accounts	31	95,237	82,905
Restricted cash	28	15,200	13,652
Demand deposits	31	14,987	14,146
Loans to related parties	30	11,512	12,923
Other investments		5,423	567
Reverse repo transaction	31	3,118	-
Financial derivative asset		1,048	543
Loans to employees	28	454	596
Dividends receivable from related parties	28	310	5,074
Other accounts receivable	27	104	161
Term deposits	28	15	14
Cash in hand	31	5	14
Cash in transit	31	-	1,495
Total financial assets		**264,727**	**222,623**

In millions of Kazakhstani Tenge	Note	2020	2019
Financial liabilities			
Bonds	33	77,088	70,016
Trade accounts payable	35	42,107	57,233
Promissory note issued	33	14,004	17,460
Bank loans	33	6,734	71,847
Other accounts payable	35	1,841	1,329
Historical costs liabilities	36	1,016	1,478
Lease liabilities		746	1,394
Issued financial guarantees	36	257	69
Preferred shares	36	265	265
Dividends payable to other participants	36	265	4,775
Non-bank loans	33	-	641
Total financial liabilities		**144,323**	**226,507**

Financial risks are monitored by the Group's risk management function and comprise market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The objectives of the Group's financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. Risk management policies and systems are regularly analysed for the need of revision due to changes in market conditions and the Group operations. The Group's risk management function monitors compliance with approved policies and procedures.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's policy for management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Management Board has established a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Management Board and the Board of Directors on its activities.

40 Financial Risk Management (continued)

Credit risk

The Group has exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. Financial assets, which potentially expose the Group to credit risk, consist mainly of trade and other receivables, cash and cash equivalents, term deposits and loans to employees and related parties.

The Group's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the statements of financial position and the nominal amount of financial guarantees (Note 37).

The credit risk on cash and cash equivalents and term deposits is limited, because the counterparties are banks with highest available credit ratings assigned by international credit rating agencies.

The table below shows credit ratings of banks where the Group had accounts as at 31 December 2020:

In millions of Kazakhstani Tenge	**Rated Standard & Poor's AAA to A-**	**Rated Standard & Poor's BBB+ to BBB-**	**Rated Standard & Poor's BB+ to B-**	**Other**	**Total**
Restricted cash	924	1,035	12,812	429	15,200
Term deposits	-	-	15	-	15
Current bank accounts	7,476	33,758	54,001	2	95,237
Demand deposits	651	-	14,336	-	14,987
Total	**9,051**	**34,793**	**81,164**	**431**	**125,439**

The table below shows credit ratings of banks where the Group had accounts as at 31 December 2019:

In millions of Kazakhstani Tenge	**Rated Standard & Poor's AAA to A-**	**Rated Standard & Poor's BBB+ to BBB-**	**Rated Standard & Poor's BB+ to B-**	**Other**	**Total**
Restricted cash	2,071	853	10,362	366	13,652
Term deposits	-	-	14	-	14
Current bank accounts	13,087	5,804	64,014	-	82,905
Demand deposits	131	332	13,683	-	14,146
Total	**15,289**	**6,989**	**88,073**	**366**	**110,717**

The Group applies the simplified approach permitted in IFRS 9 to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 month before 31 December 2020 or 31 December 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are not adjusted to reflect forward-looking information on macroeconomic factors because those factors do not significantly affect the risk profile. The expected environment in the near future (12 months) is identical to the environment reflected in the time series used to estimate the parameters of expected credit losses.

The credit loss allowance for trade receivables is determined according to provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due.

40 Financial Risk Management (continued)

2020	Loss rate	Gross carrying amount	Lifetime ECL
Trade receivables			
- current	0.07%	114,072	(81)
- 30 to 90 days overdue	0.15%	3,328	(5)
- over 360 days overdue	100%	23	(23)
Total trade receivables (gross carrying amount)		**117,423**	
Credit loss allowance			**(109)**
Total trade receivables from contracts with customers (carrying amount)		**117,314**	

2019	Loss rate	Gross carrying amount	Lifetime ECL
Trade receivables			
- current	0.19%	87,338	(415)
- less than 30 days overdue	0.47%	3,617	(7)
- over 360 days overdue	100%	61	(61)
Total trade receivables (gross carrying amount)		**91,016**	
Credit loss allowance			**(483)**
Total trade receivables from contracts with customers (carrying amount)		**90,533**	

The following table explains the changes in the credit loss allowance for trade and other receivables between the beginning and the end of 2020 as well as impairment provision for trade and other receivables during 2019:

In millions of Kazakhstani Tenge	Trade accounts receivable	Other accounts receivable
Provision at 1 January 2019	139	371
Provision for the year	395	34
Change in accounting estimates	-	673
Reversal	(123)	(18)
Transfer to assets held for sale	149	-
Amounts written-off	(77)	(296)
Provision at 31 December 2019	**483**	**764**
Provision for the year	47	2
Reversal	(398)	(11)
Amounts written-off	(23)	(681)
Provision at 31 December 2020	**109**	**74**

40 Financial Risk Management (continued)

The Group's exposure to credit risk in respect of trade accounts receivable is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Group is exposed to concentrations of credit risk. Approximately 66% of the Group's revenue for 2020 (52% of trade receivables as of 31 December 2020) is attributable to sales transactions with seven main customers (2019: 67% of Group's revenues; 75% of trade receivables). The Group defines counterparties as having similar characteristics if they are related entities.

The Group applies a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group does not require collateral in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

In millions of Kazakhstani Tenge	**2020**	**2019**
China	35,639	14,046
European Union	22,709	1,445
Russia	18,570	23,489
United Kingdom	13,265	-
Canada	9,089	3,394
Kazakhstan	6,932	4,250
USA	6,767	3,508
Japan	3,063	2,066
Argentina	1,221	-
Brazil	59	
India	-	38,335
Total	**117,314**	**90,533**

The average credit period on sales of goods is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice.

Credit risk exposure in respect of loans to related parties (Note 30) and loans to employees (Note 28) arises from possibility of non-repayment of loans. For loans to joint ventures and associates and employees the Group manages the credit risk by requirement to provide collateral in lieu of borrowers' property. Borrowers do not have a credit rating.

Expected Credit Loss (ECL) measurement

Measurement of ECLs is an estimate that involves determination methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience of issued loans and guarantees.

The Group used supportable forward looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. Several assumptions that are easily interpretable can be selected for analysis: GDP growth rate, inflation rate, exchange rate, crude oil price and current economic indicator. Final macroeconomic scenario includes only historically observed values of the inflation rate and the share of overdue loans. Forward-looking information is included in parameters of PD within the horizon of the next year after the reporting date. In addition, to calculate credit losses, the corporate average cumulative default probabilities are updated annually according to S&P's Annual Global Corporate Default Study and Rating.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by the corporate finance department of the Group. Management monitors monthly rolling forecasts of the Group's cash flows.

40 Financial Risk Management (continued)

The Group seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables and debt securities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressful conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group invests available cash funds in diversified portfolios of liquid assets, in order to be able to respond quickly to unforeseen liquidity requirements.

The Group ensures that it has sufficient cash on demand to meet expected operational expense or financial obligations which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Below is a summary of the Group's undrawn borrowing facilities and available cash and cash equivalents, including current term deposits, which are the important instruments in managing the liquidity risk:

In millions of Kazakhstani Tenge	**2020**	**2019**
Current term deposits	14,987	14,147
Current bank accounts	95,257	82,904
Undrawn borrowing facilities	241,602	124,342
Total	**351,846**	**221,393**

The table below shows liabilities at the reporting date by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statements of financial position because the statement of financial position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The following are the contractual maturities of financial liabilities at 31 December 2020:

In millions of Kazakhstani Tenge	**Carrying value**	**Contrac-tual cash flows**	**On demand and less than 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**
Bank loans	6,734	6,763	-	-	6,763	-	-
Non-bank loans	-	-	-	-	-	-	-
Bonds	77,088	88,589	-	-	788	87,801	-
Trade accounts payable	42,107	42,107	-	42,107	-	-	-
Promissory note issued	14,004	14,004	14,004	-	-	-	-
Other accounts payable	1,841	1,841	-	1,841	-	-	-
Historical costs liabilities	1,016	1,055	-	155	465	435	-
Lease liabilities	746	898	-	133	400	262	103
Issued financial guarantees	257	19,390	19,390	-	-	-	-
Preferred shares	265	265	-	-	-	265	-
Dividends payable to other participants	265	265	-	265	-	-	-
Total	**144,323**	**175,177**	**33,394**	**44,501**	**8,416**	**88,763**	**103**

40 Financial Risk Management (continued)

The following are the contractual maturities of financial liabilities at 31 December 2019:

In millions of Kazakhstani Tenge	**Carrying value**	**Contrac-tual cash flows**	**On demand and less than 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**
Bank loans	71,847	72,064	55,425	5,593	11,046	-	-
Non-bank loans	641	641	-	641	-	-	-
Bonds	70,016	83,183	231	462	2,795	79,695	-
Trade accounts payable	57,233	57,233	-	57,233	-	-	-
Promissory note issued	17,460	17,460	17,460				
Other accounts payable	1,329	1,329	-	1,329	-	-	-
Historical costs liabilities	1,478	1,543	-	143	428	972	-
Lease liabilities	1,394	1,677	-	183	546	832	116
Issued financial guarantees	69	15,038	15,038	-	-	-	-
Preferred shares	265	265	-		-	265	-
Dividends payable to other participants	4,775	4,775	-	4,775	-	-	-
Total	**226,507**	**255,208**	**88,154**	**70,359**	**14,815**	**81,764**	**116**

Market risk

The Group has exposure to market risks. Market risk is the risk that changes in market prices will have a negative impact on the Group's income or the value of its financial instrument holdings. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. The objective of market risk management is to monitor and control market risk exposures within acceptable limits, while optimising the return on investments. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings which are denominated in currencies other than the functional currency. Borrowings are denominated in currencies that match the cash flows generated by operating entities in the Group. Therefore, in most cases, economic hedging is achieved without derivatives. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by planning future expenses taking into consideration the currency of payment. The Group is mainly exposed to the risk of US Dollars currency fluctuations.

40 Financial Risk Management (continued)

The Group's exposure to currency risk was as follows:

In millions of Kazakhstani Tenge	2020	2019
Denominated in US Dollars		
Trade accounts receivable	105,945	84,105
Current bank accounts	60,125	50,635
Loans to related parties*	11,512	13,294
Demand deposits	-	2,296
Other accounts receivable	-	3
Term deposits	-	1
Other assets	13,300	1,028
Total assets	**190,882**	**151,362**
Bonds*	(77,088)	(70,016)
Bank and non-bank loans	(6,734)	(71,848)
Trade and other accounts payable	(1,079)	(2,055)
Other financial liabilities	(10,593)	(50)
Total liabilities	**(95,494)**	**(143,969)**
Net exposure to currency risk	**95,388**	**7,393**

** - loans to related parties and bonds are nominated in Tenge, but are subject to indexation for changes in USD/Tenge exchange rate.*

A 14% weakening and 11% strengthening of Tenge against US Dollar as at 31 December 2020 (2019: 12% weakening and 9% strengthening) would increase/(decrease) equity and profit or loss by the amounts shown below.

In millions of Kazakhstani Tenge	2020	2019
US Dollar strengthening by 14% (2019: 12%)	10,688	710
US Dollar weakening by 11% (2019: 9%)	(8,394)	(532)

Movements of Tenge against US Dollar above represent reasonably possible changes in market risk estimated by analysing annual standard deviations based on the historical market data for 2020.

Price risk on uranium products

The Group is exposed to the effect of fluctuations in the price of uranium, which is quoted in US Dollar on the international markets. The Group prepares an annual budget based on future uranium prices.

Uranium prices historically fluctuate and are affected by numerous factors outside of the Group's control, including, but not limited to:

- demand for uranium used as fuel by nuclear power stations;
- depleting levels of secondary sources such as recycling and blended down highly enriched stocks available to close the gap of the excess demand over supply;
- impact of regulations by the International Agency on Nuclear Energy;
- other factors related specifically to uranium industry.

At the end of the reporting period there was no significant impact of commodity price risk on the Group's financial assets and financial liabilities.

40 Financial Risk Management (continued)

Interest rate risk

Changes in interest rates impact loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (floating rate debt). At the time of raising new loans or borrowings, management uses its judgement to decide whether it believes that a fixed or a floating rate would be more favourable to the Group over the expected period until maturity. As at 31 December 2020 approximately 93% (2019: 90%) of the Groups borrowings have a fixed interest rate.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

In millions of Kazakhstani Tenge	**2020**	**2019**
Fixed rate instruments		
Restricted cash	15,200	13,652
Demand deposits	14,987	14,146
Loans to related parties	11,512	12,923
Reverse repo transaction	3,118	-
Term deposits	15	14
Bonds	(77,088)	(70,016)
Promissory note issued	(14,004)	(17,460)
Bank loans	-	(55,531)
Non-bank loans	-	(641)
Net position	**(46,260)**	**(102,913)**
Floating rate instruments		
Bank loans	(6,734)	(16,316)
Net position	**(6,734)**	**(16,316)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss. However, fixed rate financial assets and financial liabilities are exposed to fair value risk from change in interest rates. Reasonably possible changes in interest rates do not significantly affect fair values of those financial assets and financial liabilities.

Future cash flows sensitivity analysis for floating rate instruments

An increase (decrease) in interest rates of 100 (25) basis points in 2020 (2019: increase of 20 and decrease of 20 basis points) at the reporting date would have decreased (increased) equity and profit or loss by the amounts shown below. These amounts represent management's assessment of reasonably possible changes in the interest rates based upon current interest rates and the current economic environment. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and that balances due were outstanding for the year.

In millions of Kazakhstani Tenge	**2020**	**2019**
Increase of 100 basis points (2020), 20 basis points (2019)	(54)	(26)
Decrease of 25 basis points (2020), 20 basis points (2019)	13	26

40 Financial Risk Management (continued)

Fair values versus carrying amounts

With the exception of instruments specified in the following table, the Group believes that the carrying value of financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair value:

	2020		2019	
In millions of Kazakhstani Tenge	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial liabilities				
Historical costs liabilities	1,016	759	1,478	1,097
Total	**1,016**	**759**	**1,478**	**1,097**

In assessing fair values, management uses the following major methods and assumptions: (a) for interest free financial liabilities and financial liabilities with fixed interest rate, financial liabilities were discounted at effective interest rate which approximates the market rate; (b) for financial liabilities with floating interest rate, the fair value is not materially different from the carrying amount because the effect of the time value of money is immaterial.

Capital management

The Group's policy is to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern, to maintain investor, creditor and market confidence, to provide returns for shareholders, to maintain an optimal capital structure to reduce the cost of capital, and to sustain future development of the business. Capital includes all capital and reserves of the Group as recorded in the consolidated statements of financial position.

The Group's loan agreements with banks include covenants, pursuant to which the Group must comply with applicable laws and regulations, cannot create or permit any security over its assets or dispose assets, unless allowed by the loan agreements, and must obtain the lenders' approval for any acquisitions, mergers and disposals. The Group may also sell uranium for non-military purposes and only to customers residing in countries which signed the Nuclear Non-Proliferation Treaty and are members of the International Agency on Nuclear Energy. In addition, the Group must maintain certain key financial covenants based on the Group's consolidated financial information, such as: .

- the debt to equity ratio of not greater than 1;
- the debt ratio to earnings before interest, taxes, depreciation and amortisation (Debt/EBITDA) of not greater than 3.5.

The Group's internal quantitative capital management targets are similar to externally imposed requirements.

The Group applies the Policy on borrowings and financial sustainability management, which is aimed to manage financial risks by adopting common principles and rules of debt management and financial sustainability for non-financial organisations.

The Group has complied with all externally imposed capital requirements during 2020 and 2019, requirements associated with borrowing facilities.

41 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Assets and liabilities not measured at fair value but for which fair value is disclosed

Estimates of all assets and liabilities not measured at fair value but for which fair value is disclosed are level 3 of the fair value hierarchy.

The fair values in level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

Financial assets carried at amortised cost

The fair value of floating rate instruments is normally their carrying amount. Estimate of all financial assets carried at amortised cost is level 3 measurement. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortised cost

Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The discount rates used ranged from 4.5% p.a. to 11,8% p.a. depending on the length and currency of the liability.

42 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 Financial Instruments classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently. All of the Group's financial assets as of the end of reporting period fell into the category AC, except for the financial derivative asset, classified as FVTPL. All of the Group's financial liabilities were carried at AC. Fair value is approximate to carrying amount.

43 Business Combinations

The net result from business combinations in 2019 comprised an excess of fair value of investment in the associate over its carrying value of Tenge 54,649 million at the acquisition date. Additional information is provided further in this note.

In millions of Kazakhstani Tenge	
JV Khorasan-U LLP	
Fair value of the investment in associate at date of acquisition	85,803
Less: carrying value of the investments at date of acquisition	(31,154)
Net gain from business combinations – JV Khorasan-U LLP	**54,649**

Baiken-U LLP, Kyzylkum LLP and JV Khorasan-U LLP

In December 2018, the Group finalised a settlement deed to complete the acquisition of 40.05% of the shares of Energy Asia (BVI) Limited and a 16.02% participatory interest in the chartered capital of JV Khorasan-U LLP from Energy Asia Holdings (BVI) Limited. As a result of this transaction:

- the Group's ownership interest in Baiken-U LLP, Kyzylkum LLP and JV Khorasan-U LLP increased to 52.5%, 50% and 50% respectively. Prior completion of the transaction those ownership interests were 14.45%, 33.98% and 33.98%, respectively.
- the Group maintained significant influence over Kyzylkum LLP and JV Khorasan-U LLP. The Group concluded that as at 31 December 2018 no control was obtained over JV Khorasan-U LLP pending shareholders' approval of changes in the charter of the investee that will enable the Group to exercise the majority of votes.

JV Khorasan-U LLP

In February 2019, the owners of JV Khorasan-U LLP approved changes to the charter documents of that entity, which gave the Group the ability to cast a majority vote at the supervisory board. As a result, the Group obtained control over JV Khorasan-U LLP from that date.

The Group assessed the fair value:

In millions of Kazakhstani Tenge	
Cash consideration paid	-
Net liabilities from pre-existing relationship	(1,948)
Total consideration transferred	**(1,948)**
Fair value of investment associate prior to the acquisition	85,803
Total purchase consideration and value of previously held interest in the acquiree	**83,855**

Liabilities from pre-existing relationship represent receivables of JV Khorasan-U LLP from the Group, mainly for delivery of uranium.

43 Business Combinations (continued)

The difference between the consideration transferred and the fair value of the acquiree's identifiable assets, liabilities assumed and contingent liabilities led to recognition of a bargain purchase gain, as presented in the table below.

In millions of Kazakhstani Tenge	**Fair value**
Cash and cash equivalents	5,563
Accounts receivable	10,020
Inventories	8,873
Property, plant and equipment	181
Mine development assets	22,627
Mineral rights	178,856
Other assets	6,105
Promissory note	(17,441)
Accounts payable	(4,527)
Deferred tax liability	(36,873)
Other liabilities	(1,777)
Carrying value of identifiable net assets acquired (before elimination of intra-group balances)	171,607
Less: elimination of intra-group balances	(1,948)
Carrying value of identifiable net assets acquired	**169,659**
Less: non-controlling interest	(85,804)
Total purchase consideration and value of previously held interest in the acquire	**83,855**

The valuation of identifiable assets and liabilities was performed by an independent professional appraiser. Based on the valuation, the assets value increased by Tenge 184,221 million to fair value, mainly due to valuation of the subsoil use (mineral) right.

The non-controlling interest represents a share in the net assets of the acquire attributable to owners of the non-controlling interest. The non-controlling interest was determined based on proportionate share of the acquire's net assets' fair value.