

**KEDENTRANSSERVICE JOINT STOCK COMPANY
AND ITS SUBSIDIARY**

**International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor's Report**

31 December 2020

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**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR THE PREPARATION AND APPROVAL OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Management of Joint Stock Company Kedentransservice (hereinafter - the "Company") is responsible for the preparation of the consolidated financial statements of the Company and its subsidiary (together referred to as - "the Group") that present fairly in all material respects the consolidated financial position of the Group as at 31 December 2020, and the consolidated financial results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards.

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

- properly selecting and applying appropriate 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 requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- making an assessment of the Group's ability to continue as a going concern.

The Group's management is also responsible for:


- designing, implementing and maintaining an effective and sound system of internal controls, across 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 information about 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 available measures to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

These consolidated financial statements for the twelve months ended 31 December 2020 were approved by management of Kedentransservice JSC on 1 March 2021.


On behalf of Management of the Group:


V.V. Fedotov
General Director

1 March 2021
Nur-Sultan city,
Republic of Kazakhstan


N.Sh. Dyusembinov
Deputy General Director for
economics and finances

1 March 2021
Nur-Sultan city,
Republic of Kazakhstan


A.T. Kerimbayeva
Chief Accountant – Director of
the department

1 March 2021
Nur-Sultan city,
Republic of Kazakhstan



Independent Auditor's Report

To the Shareholder and the Board of Directors of Kedentransservice JSC

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kedentransservice JSC 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 statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 International Financial Reporting Standards (IFRS), and for such

Independent auditor's report (Continued)

Page 2

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.

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

Kedentransservice Joint Stock Company and Its Subsidiary
Consolidated Statement of Financial Position

<i>In thousands of Kazakhstani Tenge</i>	Note	31 December 2020	31 December 2019 (restated)	31 December 2018 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	7	20,348,109	12,530,854	12,988,634
Investment property	8	4,600,837	4,660,671	4,723,055
Right-of-use assets	9	1,954,871	3,628,462	-
Intangible assets	10	269,538	173,356	179,747
Other non-current assets	11	6,240	7,647	71,132
Investments	12	2,330	2,330	2,330
Total non-current assets		27,181,925	21,003,320	17,964,898
Current assets				
Inventories	13	1,017,506	1,343,617	1,242,895
Trade receivables	14	5,519,111	2,216,836	1,332,548
Receivables from related parties	37	46,650	952,677	773,961
Advances given	15	3,238,807	288,193	88,135
Advances given to related parties	37	128,236	1,542,124	2,281,868
Prepaid income tax		953,432	485,040	408,721
Taxes receivable	16	799,106	374,467	302,454
Other receivables	17	96,458	252,482	115,070
Short-term financial investments	18	119,227	11,194	16,408
Cash and cash equivalents	19	3,308,031	9,530,244	7,120,075
		15,226,564	16,996,874	13,682,135
<i>Non-current assets held for sale</i>	20	397,044	397,044	470,050
Total current assets		15,623,608	17,393,918	14,152,185
TOTAL ASSETS		42,805,533	38,397,238	32,117,083
EQUITY				
Share capital	21	1,255,242	1,255,242	1,255,242
Retained earnings		28,066,792	29,604,119	25,978,404
Revaluation reserve for investment property		-	-	-
Actuarial profits		4,390	13,595	13,002
TOTAL EQUITY		29,326,424	30,872,956	27,246,648
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	35	920,383	581,977	619,055
Loan payable	28	5,064,317	-	-
Finance lease liabilities		-	-	112,593
Lease liabilities	27	1,893,626	2,699,632	-
Non-current liabilities on employee benefits	26	162,850	140,438	132,582
Total non-current liabilities		8,041,176	3,422,047	864,230
Current liabilities				
Trade payables	22	1,448,471	1,000,736	888,923
Accounts payable to related parties	37	36,727	243,931	360,608
Contract liabilities	23	1,868,142	453,147	1,051,708
Contract liabilities from related parties	37	-	474,590	250,937
Taxes payable	24	41,463	45,590	50,674
Current liabilities on employee benefits	26	16,551	17,247	11,944
Other payables and accrued liabilities	25	747,417	1,424,876	1,278,818
Current portion of loan payables	28	911,457	-	-
Current portion of finance lease liabilities		-	-	112,593
Current portion of lease liabilities	27	367,705	442,118	-
Total current liabilities		5,437,933	4,102,235	4,006,205
TOTAL LIABILITIES		13,479,109	7,524,282	4,870,435
TOTAL EQUITY AND LIABILITIES		42,805,533	38,397,238	32,117,083

V.V. Fedotov
General Director

1 March 2021
Nur-Sultan city,
Republic of Kazakhstan



N.Sh. Dyusembinov
Deputy General Director for
economics and finances

1 March 2021
Nur-Sultan city,
Republic of Kazakhstan

A.T. Kerimbayeva
Chief Accountant – Director of
the department

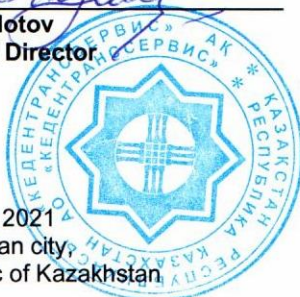
1 March 2021
Nur-Sultan city,
Republic of Kazakhstan


Kedentransservice Joint Stock Company and Its Subsidiary
Consolidated Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of Kazakhstani Tenge</i>	Note	2020	2019 (restated)
Operating income	29	36,639,563	40,743,346
Other operating income	33	299,115	434,683
Operating expenses	30	(30,125,055)	(30,630,652)
Foreign exchange gain /(loss)		489,956	(194,355)
Impairment loss on non-financial assets	34	(507,688)	(5,479)
Impairment loss on financial assets	34	(985,433)	(45,718)
Finance costs	31	(744,591)	(513,671)
Finance income	32	73,793	36,037
Profit before income tax		5,139,660	9,824,191
Income tax expense	35	(1,370,947)	(1,977,176)
Profit for the year		3,768,713	7,847,015
Other comprehensive income for the year			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Gains less losses from revaluation at fair value			741
Remeasurements of post-employment benefit obligations		(9,205)	
Income tax recorded directly in other comprehensive income		-	(148)
Other comprehensive (loss)/ income for the year		(9,205)	593
Total comprehensive income for the year		3,759,508	7,847,608



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1 March 2021
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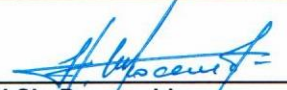
Kedentransservice Joint Stock Company and Its Subsidiary
Consolidated Statement of Changes in Equity

<i>In thousands of Kazakhstani Tenge</i>	Note	Share capital	Retained earnings	Revaluation reserve for investment property	Actuarial profits	Total equity
Balance at 31 December 2018		1,255,242	26,262,959	107,557	13,002	27,638,760
Change in the accounting of investment property		-	(284,555)	(107,557)	-	(392,112)
Restated balance at 1 January 2019		1,255,242	25,978,404	-	13,002	27,246,648
Profit for the year		-	7,909,399	-	-	7,909,399
Other comprehensive income for the year		-	-	27,651	593	28,244
Total comprehensive income for the year		-	7,909,399	27,651	593	7,937,643
Dividends declared		-	(4,145,813)	-	-	(4,145,813)
Change in the accounting of investment property		-	(137,871)	(27,651)	-	(165,522)
Balance at 31 December 2019		1,255,242	29,604,119	-	13,595	30,872,956
Balance at 1 January 2020		1,255,242	29,604,119	-	13,595	30,872,956
Profit for the year		-	3,768,713	-	-	3,768,713
Other comprehensive loss for the year		-	-	-	(9,205)	(9,205)
Total comprehensive income for the year		-	3,768,713	-	(9,205)	3,759,508
Dividends declared	21	-	(5,941,663)	-	-	(5,941,663)
Adjustment of the current period		-	635,623	-	-	635,623
Balance at 31 December 2020		1,255,242	28,066,792	-	4,390	29,326,424

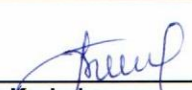

V.V. Fedotov
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1 March 2021
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A.T. Kerimbayeva
Chief Accountant – Director of
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1 March 2021
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Kedentransservice Joint Stock Company and Its Subsidiary
Consolidated Statement of Cash Flows

In thousands of Kazakhstani Tenge	Note	2020	2019 (restated)
Cash flows from operating activities:			
Profit before income tax		3,768,713	9,824,191
Adjustments for:			
Finance costs	31	744,591	513,671
Finance income	32	(73,793)	(36,037)
Depreciation and amortization	30	1,551,456	1,448,612
Accrual of provision for financial assets	34	985,433	45,718
Accrual of provision for non-financial assets	34	507,688	5,479
Income from stock count of PPE	7,33	(10,790)	-
Recovery of written off accounts payable	33	534	2,072
Employee benefit obligations	26	21,716	13,900
Provision for unused vacations and bonus payments		(434,435)	132,232
Gain from disposal of property, plant and equipment	33	(2,390)	(13,115)
Reversal of provision for legal claims	30	-	(54,715)
Write-down of non-current assets held for sale to fair value less costs of disposal	20	-	73,006
Reversal of provision for slow moving inventory		-	(4,944)
Effect of revaluation of items of investment property		-	(68,025)
Remeasurements of post-employment benefit obligations	26	(9,205)	-
Foreign exchange translation difference		(489,956)	194,355
Operating income before working capital changes		6,559,562	12,076,400
Change in in trade receivables and receivables from related parties		(3,215,070)	(1,125,125)
Change in advances given		(1,591,506)	572,720
Change in taxes receivable		213,316	(72,013)
Change in other receivables		32,578	(139,620)
Change in inventories		239,309	(95,778)
Change in trade payables and payables to related parties		30,984	(9,789)
Change in other payables and accrued liabilities		(575,278)	68,541
Change in contractual obligations		940,405	(374,908)
Change in taxes payable		1,366,820	(5,084)
Change in other assets		(58,737)	-
Cash flows from operating activities		3,942,383	10,895,344
Income taxes paid		(1,497,472)	(2,090,573)
Interest paid	27,28	(1,039,597)	(513,671)
Interest received	32	73,793	36,037
Net cash flows from operating activities		1,479,107	8,327,137
Cash flows from investing activities:			
Purchases of property, plant and equipment and advances paid for property, plant and equipment		(8,486,169)	(1,565,920)
Proceeds from the sale of property, plant and equipment		-	347,275
Purchases of intangible assets		(108,420)	(92,346)
Proceeds from the sale of other non-current assets		23,650	-
Proceeds from short-term financial investments		-	5,214
Net cash used in investing activities		(8,570,939)	(1,305,777)
Cash flows from financing activities:			
Dividends paid	21	(5,531,168)	(4,145,813)
Proceeds from loans	29	6,201,805	-
Repayment of loans	29	(244,630)	-
Repayment of lease liabilities		(112,593)	(379,611)
Net cash used in financing activities		313,414	(4,525,424)
Net (decrease)/ increase in cash and cash equivalents		(6,778,418)	2,495,936
Cash and cash equivalents at the beginning of the year	19	9,530,244	7,120,075
Effect of exchange rate changes on balance of cash and cash equivalents in foreign currency		556,205	(85,767)
Cash and cash equivalents at the end of the year	19	3,308,031	9,530,244

V.V. Fedotov
General Director

1 March 2021
Nur-Sultan city,
Republic of Kazakhstan

N.Sh. Dyusembinov
Deputy General Director for
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1 March 2021
Nur-Sultan city,
Republic of Kazakhstan

A.T. Kerimbayeva
Chief Accountant – Director of
the department

1 March 2021
Nur-Sultan city,
Republic of Kazakhstan

1 The Group and its Operations

Kedentransservice Joint Stock Company (the "Company") was incorporated on 11 December 1997 according to resolution of the Government of the Republic of Kazakhstan #1750 in the form of a state republican enterprise. According to resolution of the Government of the Republic of Kazakhstan # 864 dated 26 June 1999 the state republican enterprise was transformed into a closed joint stock company Kedentransservice. On 15 July 2004, the Company was re-registered into a joint stock company.

The Company and its subsidiary (jointly the "Group") perform the following types of operating activities:

- transport and forwarding services;
- handling of rail car services;
- terminal servicing;
- rent;
- other.

The Company has 14 branches located in Nur-Sultan, Karaganda, Kostanay, Pavlodar, Ust-Kamenogorsk, Shymkent, Atyrau, Kyzyl-Orda, Taraz, Uralsk, Aktobe, Almaty, Dostyk station, Aktogai, 3 representative offices in в XUAR (China) in the Republic of Uzbekistan and in the Republic of Belarus.

The Company is the parent of the subsidiary operating in the Republic of Kazakhstan:

Entity's name	Principal activity	Company's share interest	
		31 December 2020	31 December 2019
Transport holding of Kazakhstan LLP	Activity in the area of the railway industry	100%	100%

On 26 November 2019, a sale and purchase agreement was concluded between PJSC TransContainer and NC Kazakhstan Temir Zholy JSC for the sale of a 50% stake of PJSC TransContainer in LSM.

On 22 May 2020, as a result of the buyback from PJSC TransContainer of 50% of the voting shares of LSM, NC Kazakhstan Temir Zholy JSC owns 100% of the shares of the Company (indirect ownership). On 22 November 2020, there was a state re-registration of the Company's shares in the Central Securities Depository JSC, as a result of which, NC Kazakhstan Temir Zholy JSC became the sole shareholder of the Company.

The Company's head office is at: 18, St. Dostyk, Nur-Sultan city, Republic of Kazakhstan.

At 31 December 2020 and 31 December 2019, the number of employees was 1,921 and 1,841, respectively.

Presentation currency. These consolidated financial statements are presented in Kazakhstani Tenge ("KZT"), unless otherwise stated.

2 Political and economic situation in the Republic of Kazakhstan

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas prices and other commodities, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets. Ongoing political tension in the region and volatility of exchange rate have caused and may continue to cause negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity and creation of difficulties in attracting of international financing.

In December 2019, news from China about the outbreak of a new virus first appeared. On 11 March 2020, the World Health Organization announced an outbreak of a new type of coronavirus, COVID19, as a pandemic. 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 in the country for the period from 16 March 2020 until 11 May 2020.

In response to the pandemic Kazakhstan authorities take numerous actions aimed at the containment of COVID-19 spread and impact, such as bans on travelling, quarantine, business activities restrictions, etc. These actions, amongst others, significantly restrict economic activity in Kazakhstan, as well as they have and may continue to have a negative impact on businesses, market participants and Group's clients, as well as Kazakhstan and world economy for an uncertain time period. Management takes the necessary measures to ensure the sustainability of the Group's operations and to support its customers and employees.

At the same time, on 9 March 2020, oil quotes collapsed amid the disagreements of the OPEC members, the price of Brent crude oil in March 2020 fell below USD 25 per barrel. The Tenge depreciated against the US dollar since the beginning of 2020 by approximately 10%.

As of the date of the issuance of these financial statements, the situation is still developing. 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 Group in the future. Management believes that it is taking all necessary actions to maintain the sustainability and growth of the Group in current circumstances.

As of the date of this report, the official exchange rate of the National Bank of the Republic of Kazakhstan was KZT ____ per USD 1, compared to KZT 420.71 per USD 1 as at 31 December 2020 (31 December 2019: KZT 381.18 tenge per USD 1). Thus, there remains uncertainty regarding the exchange rate of the tenge and the future actions of the National Bank and the Government, as well as the impact of these factors on the economy of the Republic of Kazakhstan.

Additionally, the transport sector in the Republic of Kazakhstan is still 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, controlling and political developments, which are beyond the Group's control.

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 Group in the future. Management believes that it is taking all necessary actions to maintain the sustainability and growth of the Group in current circumstances.

For the purpose of measurement of expected credit losses ("ECL") the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, 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. Note 38 provides additional information on how the Group incorporates forward-looking information in its ECL models.

3 Significant Accounting Policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of investment properties categorised at fair value through profit or loss ("FVTPL"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities directly or indirectly controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group's entities. When a subsidiary is purchased, its assets and liabilities are evaluated at fair value at the date of acquisition. Financial and operating results of acquired or sold subsidiaries for the year are included into the consolidated statement of comprehensive income and profit and losses from the time of actual acquisition or to the date of actual disposal.

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.

Non-current assets classified as held for sale

Non-current assets are classified in the consolidated statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction 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's 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 classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

Held for sale non-current assets are measured at the lower of their carrying amount and fair value less costs of disposal. Held for sale property, plant and equipment and investment properties are not depreciated or amortised. Reclassified investment properties held at fair value are not subject to write down to the lower of their carrying amount and fair value less costs of disposal.

3 Significant Accounting Policies (Continued)

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).

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.

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.

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. 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.

3 Significant Accounting Policies (Continued)

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 Group becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories

The Group classifies financial assets in the following measurement category: 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.

Financial assets – classification and subsequent measurement – 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.

Financial assets – classification and subsequent measurement – 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").

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 Group 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.

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 38 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 38. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 38 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. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

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 liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC.

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).

3 Significant Accounting Policies (Continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated 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. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed. Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows. 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 AC using the effective interest method.

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 AC using the effective interest method.

Property, plant and equipment

Property, plant and equipment acquired before 1 April 2003 are stated at fair value less accumulated depreciation. Valuation of fair value of property, plant and equipment was performed by an independent appraiser as of 1 April 2003. The results were reflected in the value of property, plant and equipment as at 1 January 2002, and recognized as the beginning value at the date of IFRS first-adoption less accumulated depreciation and impairment losses. Property, plant and equipment acquired after 1 April 2003 are stated at cost less accumulated depreciation. Cost of purchased property, plant and equipment represents consideration paid on the acquisition of the related assets, as well as other direct costs incurred during delivery of the assets and necessary preparations for their intended use.

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. 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 retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. 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 of disposal.

3 Significant Accounting Policies (Continued)

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.

Depreciation. Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method over their estimated useful lives:

	Useful lives in years
Buildings	20 to 82
Constructions	5 to 50
Containers	10 to 20
Railway platforms	28 to 38
Locomotives	10 to 25
Cranes and loaders	5 to 23
Vehicles	3 to 15
Other	2 to 25

Construction in progress includes costs directly related to the construction of property, plant and equipment, including appropriate allocation of directly attributable variable overheads incurred in the construction. Depreciation of these assets is charged on the same basis as for other assets, and commences from the date of putting into use. Carrying value of construction in progress is reviewed regularly to ensure its fair presentation and identify necessity to recognize impairment losses.

Profit or loss on disposal or write-off of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment property

Investment property is recognized as an asset if, and only if:

- 1) it is probable that future economic benefits will flow from the investment property; and
- 2) the value of the investment property can be reliably estimated.

All investment property costs are measured in accordance with this principle at the time they are incurred. These costs include both the initial cost of acquiring the investment property and the subsequent cost of adding, replacing parts or maintaining the investment property.

Investment property is initially measured at cost. Actual costs of acquiring an investment property include the purchase price and any direct costs. Direct costs include, for example, professional legal fees, taxes on transfer of property and other transaction costs.

The actual cost of a commercially constructed investment property is the cost at the date of completion of construction or renovation.

3. Significant Accounting Policies (Continued)

Earned rental income is recorded in profit or loss for the year within revenue. Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year and presented separately.

Intangible assets

Intangible assets are stated at cost less accumulated depreciation. Intangible assets are amortised using the straight-line method over their estimated useful lives from 2 to 7 years.

Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group assesses whether there is any indication for impairment of the current value of property, plant and equipment and intangible assets. If any such indication exists, the recoverable amount of the asset is determined in order to identify impairment loss amount (if any). If it is impossible to estimate the recoverable amount for an individual asset, the Group estimates the recoverable amount of the cash-generating unit the asset belongs to.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of an asset (or cash-generating unit) is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately.

Inventories

Inventories are recognized at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis. Net realisable value is the estimated selling price less the estimated cost of completion, marketing expenses, selling and transportation expenses.

Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are both 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 recognized as share premium in equity.

Dividends

Dividends are recognized 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 consolidated financial statements are authorised for issue are disclosed in the subsequent events note.

3 Significant Accounting Policies (Continued)

Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively 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, or recovered, in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the 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 balances are measured at tax rates enacted or substantively 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 there is sufficient future taxable profit available against which the deductions can be utilised.

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.

Carrying value of deferred tax assets is revised at the end of each reporting period and reduced if it not highly probable that the Group will obtain taxable profit that would be sufficient for full or partial use of such assets.

Deferred tax balances are measured at tax rates (and provisions of tax legislation) enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when asset will be realised or liability will be settled. Assessment of deferred tax liabilities and assets reflects tax effect of the Group's intention (as of the reporting date) in relation to means of recovery/(redemption) of carrying value of assets/(liabilities).

Current and deferred taxes are recognized in profit or loss, unless they relate directly to other comprehensive income or equity. In this case, current and deferred taxes are also recognized in other comprehensive income or directly in equity.

Right-of-use assets

The Group leases various offices, railway platforms and vehicles. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets arising from a lease are initially measured on a present value basis.

3 Significant Accounting Policies (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Buildings	7
Vehicles	7
Railway platforms	2

Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk; and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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.

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 and value added taxes. Under agreements where the Group acts as an agent, third party costs, including the railway tariff, are excluded from both revenue and cost (Note 4).

The Group recognizes revenue upon fulfillment of contractual obligations based on approved documents between the respective parties. On an annual basis, the Group analyzes the effect of recognizing revenue from the provision of services as they are rendered. The carry-over effect on revenue on an annual basis largely overlaps the incoming and outgoing balances. Management believes that this effect does not have a significant effect on these consolidated financial statements.

The Group provides the following types of services:

Transport and forwarding services are services that represent several performance obligations in each individual buyer's request, as they are distinct, identifiable and there is no significant integration between them. For third party services, including transport services, management believes that the Group acts as an agent in these agreements. Accordingly, the Group recognizes revenue from customers on a net basis. Under agreements where the Group acts as an agent, third party costs, including the railway tariff, are excluded from both revenue and cost of sales. In previous periods, the Group's management applied judgment in relation to this type of revenue on a gross basis. A retrospective revised analysis of revenue recognition for transport and forwarding services is detailed in Note 4.

If the railway tariff and services of third-party organizations directly related to these types of services were simultaneously included in both revenue and cost of sales, then revenue and cost of sales would increase by KZT 30,003,722 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: KZT 29,036,159 thousand). Transport and forwarding services are a range of services, including the transportation of goods, their terminal handling, forwarding and logistics services. Revenue from transport and forwarding services is the aggregate of income from the provision of various services. Revenue from transport and forwarding services is recognized on a gross basis in the reporting period in which the services are rendered.

Handling of railcars - revenue from the rent of containers and rail cars is recognised in the period when services are provided according to tariffs (prices) set in the contract for the provision of services. Payment is made by the Customer in accordance with the terms of the contract for handling of railcars.

3 Significant Accounting Policies (Continued)

Cargo overload and fastening on Dostyk station is providing of reloading services among railcars designed for different width of rails. Revenue from overload and fastening services is recognised in the period when services are rendered.

Terminal activities are services of terminal processing of cargo in railcars and containers including loading-reloading and other services. Revenue from terminal activities is recognised in the period when services are rendered.

Rent is presented by providing of infrastructure of loading yards and locomotives. Revenue from rent is recognised in the period when services are rendered.

Warehousing and storage of cargo are providing cargo, containers and railcars storage services in the territory of cargo terminals and temporary storage warehouses. Revenue from warehousing and storage of cargo is recognised in the period when services are rendered.

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.

Provisions

Provisions are recognized in the consolidated financial statements when the Group has a present (legal or constructive) obligation as a result of events that occurred in the past, and it is probable that an outflow of funds related to the economic benefits to settle the obligation, and the obligation can be estimated reliably. When the Group expects that a provision will be reimbursed, the reimbursement is recognized as a separate asset but only when the imbursement is likely. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Employee benefits

The Group provides employee benefits to employees at the end of employment (lump-sum payments at retirement, financial assistance) and other long-term employee benefits (financial aid for employees' disability, significant anniversaries and funeral aid to the employees) in accordance with the provisions of the collective agreement.

The entitlement to post-employment benefits is usually conditional on the employee remaining employed until the retirement age and the completion of a minimum service period.

Post-employment benefit of the Group are unfunded defined benefit plans and are valued in accordance with IAS 19, *Employee Benefits*. Actuarial and investment risks related to the unfunded defined benefit plans remain with the Group.

When measuring the obligation in respect of the unfunded defined benefit plans the Group initially determines the gross amount of payments due to employees for their services rendered in the current and prior periods; actuarial assumptions are developed. After that, the discounted value of the obligations in respect of the post-employment defined benefit plans is determined and current service cost is calculated using the projected credit unit method.

3 Significant Accounting Policies (Continued)

The Group recognises as part of its profit or loss:

- current service cost;
- past service cost and any profit or loss, which originates from remeasurement of the plan obligations; and
- net amount of the interest related to the defined pension benefit plan obligation.

The Group recognises the actuarial gains or losses from the remeasurement of the net defined pension benefit plan obligation as part of other comprehensive income.

The entitlement to other long-term employee benefits is conditional on the completion of a minimum service period. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the unfunded defined pension benefit plan.

In respect of the other long-term employee benefits the Group recognises the current and past service cost, net interest expense for the net liability, actuarial gains and losses (remeasurement of the net liability) as part of Group's profit or loss.

In accordance with the legislation of the Republic of Kazakhstan, the Group makes payments of 10% of employee compensation as a contribution to the Single Accumulative Pension Fund, but no more than Tenge 212,500 per month starting from 1 January 2020 to 31 December 2020 (Tenge 212,500 per month starting from 1 January 2019 to 31 December 2019). Mandatory pension contributions are deducted from employee compensation. The Group has no other obligations relating to pension payments.

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 subsidiaries, and the Group's presentation currency, is the national currency of the Republic of Kazakhstan, Kazakhstani Tenge ("Tenge"). Exchange rates at 31 December 2020 were as follows: US Dollar/Tenge - 420.71, Euro/Tenge - 516.13, Russian Rouble/Tenge - 5.65, Chinese Yuan/Tenge - 64.49, and Uzbek sum/Tenge - 0.0403 (31 December 2019: US Dollar/Tenge - 381.18, Euro/Tenge - 426.85, Russian Rouble/Tenge - 6.17, Chinese Yuan/Tenge - 54.56, and Uzbek sum/Tenge - 0.0401).

4 Critical Accounting Estimates and Judgments in Applying Accounting Policies

Recognition of revenue from transport and forwarding services

Transport and forwarding services are services that represent several performance obligations in each individual buyer's request, as they are distinct, identifiable and there is no significant integration between them. For third-party services, including transport services, management believes that the Group acts as an agent in these agreements.

Accordingly, in 2020 the Group concluded that it is necessary to account for revenue from customers on a net basis. In previous periods, the Group accounted for this type of revenue on a gross basis in the reporting period in which the services were rendered. Under agreements where the Group acts as an agent, third-party costs, including the railway tariff, are excluded from both revenue and cost of sales. In previous periods, the Group's management applied judgment in relation to this type of revenue on a gross basis.

The Group has analyzed and calculated adjustments to the previous reporting period. If the railway tariff and services of third-party organizations directly related to these types of services were simultaneously included in both revenue and cost of sales, then revenue and cost of sales would increase by KZT 30,003,722 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: KZT 29,036,159 thousand).

4 Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

Investment property accounting method

The Group's management revised its accounting for investment properties and adopted the parent company accounting method, as a consequence of the unified accounting method for the Group and the parent company. As a result of a retrospective change in accounting policy, investment properties are reported in the Group's consolidated financial statements at cost less accumulated depreciation and allowance for impairment losses. The Group's management believes that the judgment applied to the new investment property accounting method is a true and reliable estimate of the assets. The Group has analyzed and accounted for the effect in previous periods.

<i>In thousands of Kazakhstani Tenge</i>	2020	2019	2018
<i>Before revision:</i>			
Cost of investment property at January 1	4,660,671	4,723,055	5,115,167
<i>Change in accounting policy:</i>			
- provision	-	-	(107,557)
- retained earnings	(59,834)	(62,384)	(284,555)
Amortized cost of investment property at 31 December	4,600,837	4,660,671	4,723,055

Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated 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 consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Going concern

Management prepared these consolidated financial statements on a going concern basis. The management's decision is based on the financial position of the Group, its current intentions, profitability of operations and access to financial resources. At 31 December 2020, the Group's current assets exceeded current liabilities by KZT 10,185,675 thousand.

The following factors were considered in assessing the Group's ability to continue as a going concern:

- The Group is a part of the largest industrial Kazakhstani enterprise National Company Kazakhstan Temir Zholy JSC. The management and shareholders of the Group have neither the intention nor the need to liquidate the Group.
- The Group has prepared a monthly cash flow forecast for the period 12 months after the reporting date and has not found a cash deficit in any of these months.

These consolidated financial statements do not include any adjustments to the carrying amounts of assets and liabilities, income and expenses, and the classification of the statement of financial position, which would be necessary in the event of an inability to continue operations, and such adjustments could be material.

4 Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

Impairment of non-financial assets

The Group analyzes indications of impairment of property, plant and equipment at each reporting date. Indications indicating a possible impairment of the carrying value of property, plant and equipment are identified as a result of scheduled stock counts carried out prior to the reporting date by the Group's technical services. If any such indication is identified, the asset's recoverable amount is estimated to determine the amount of any impairment loss, if any. If it is not possible to estimate the recoverable amount for an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. If the asset's (or cash-generating unit's) recoverable amount is less than its carrying amount, then the asset's (or cash-generating unit's) carrying amount is reduced to the asset's recoverable amount. An impairment loss is recognized immediately as an expense in the period.

Management recognizes that the first half of 2020 had a negative impact on the Group's operations. At 31 December 2020, the Group performed an analysis for indications of impairment of property, plant and equipment. The estimate and judgments in relation to potential indications were based on both expectations about future events and actual known data, such as forecast data on the volume of services provided and tariffs for operating areas.

Determining indications of impairment of non-financial assets requires the use of judgments and estimates in determining the possible technological obsolescence of property, plant and equipment, termination of operations, residual useful lives, and other changes in operating conditions. In relation to this factor, the management of the Group has analyzed the financial indicators. At 31 December 2020, the Group's current assets exceeded current liabilities by KZT 10,185,675 thousand. Also, an analysis of production indicators was carried out, according to the results of which it was revealed that revenue for the second half of 2020 had stabilized and approached the indicators of the second half of 2019. The removal of strict quarantine measures in the Republic of Kazakhstan and other countries allowed the business partners to maintain operational detail at the same level, however, the Group's management expects a significant increase in turnover from the second half of the next financial year. Based on the expectations and the current situation in the country's economy, the Group's management forecasts net profit for the next financial year in the amount of KZT 6,662,743 thousand (2020: KZT 3,768,713 thousand).

Based on the analysis performed, the Group's management did not identify any indications of impairment of non-financial assets at 31 December 2020.

5 Adoption of New or Revised Standards and Interpretations

New Standards and Interpretations

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2020 or later, and which the Group has not early adopted.

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).

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- 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).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

6 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 and for which discrete financial information is available. The chief operating decision maker is the person or group of persons who allocates resources and assesses the performance for the entity. The function of chief operating decision maker responsible for operational decision are performed by the Group.

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

The Group has 4 operating segments. These are based on the information contained in reports, which are regularly reviewed by shareholders in order to allocate funds as well as to measure their performance:

- terminal services;
- transport and forwarding services;
- handling of railcars; and
- rent.

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

The Group monitors multiple profitability measures these being:

- profit before tax, and
- profit after tax.

However, profit after tax is the measure used for the purpose of resource allocation and assessment of segment performance.

Other operations of the Group mainly include the sale of inventory and other support services provided along with transportation services, neither of which is sufficiently material to be presented separately.

(c) Geographical information

Analysis of revenue by geographical location of customers:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Kazakhstan	22,788,509	22,279,377
Russia	9,487,026	12,486,360
China	2,829,846	4,666,124
USA	1,316,405	942,315
Switzerland	119,500	45,835
Kyrgyzstan	30,831	2,930
Uzbekistan	25,042	118,963
Belarus	21,217	9,035
Germany	11,578	7,116
Latvia	6,715	136,276
Other countries	2,894	49,015
Total revenue	36,639,563	40,743,346

7 Segment Information (Continued)

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

Segment information for the reportable segments for the year ended 31 December 2020 is set out below:

<i>In thousands of Kazakhstani Tenge</i>	Terminal Services	Transport and forwarding services	Handling of railcars	Rent	Unallocated results	Total
Operating income	13,959,665	1,269,078	20,871,978	530,125	8,717	36,639,563
Operating expenses	(10,255,037)	(57,942)	(17,958,465)	(154,824)	(1,698,787)	(30,125,055)
Finance costs	-	-	(744,591)	-	-	(744,591)
Finance income	-	-	-	-	73,793	73,793
Other operating income	-	-	-	299,115	-	299,115
Impairment loss on non- financial assets	-	-	-	-	(507,688)	(507,688)
Impairment loss on financial assets	-	-	-	-	(985,433)	(985,433)
Foreign exchange gain	-	-	-	-	489,956	489,956
Profit before income tax	3,704,628	1,211,136	2,168,922	674,416	(2,619,442)	5,139,660
Income tax expense	-	-	-	-	(1,370,947)	(1,370,947)
Profit for the year	3,704,628	1,211,136	2,168,922	674,416	(3,990,389)	3,768,713
Other comprehensive income for the year	-	-	-	-	(9,205)	(9,205)
Total comprehensive income for the year	3,704,628	1,211,136	2,168,922	674,416	(3,999,594)	3,759,508
Other key information about segments						
Amortization (Note 30)	(729,181)	-	(193,788)	-	(628,487)	(1,551,456)
Capital expenditure	943,979	-	-	-	-	943,979
Impairment of property, plant and equipment (Note 7)	(444,033)	-	-	-	-	(444,033)

7 Segment Information (Continued)

Segment information for the reportable segments for the year ended 31 December 2019 is set out below:

<i>In thousands of Kazakhstani Tenge</i>	Terminal Services	Transport and forwarding services	Handling of railcars	Rent	Unallocated results	Total
Operating income	13,980,928	3,547,300	22,590,211	618,889	6,018	40,743,346
Operating expenses	(8,682,895)	(119,360)	(18,347,379)	(145,688)	(3,255,330)	(30,630,652)
Finance costs	-	-	(513,671)	-	-	(513,671)
Finance income	-	-	-	-	36,037	36,037
Other operating income	-	-	-	434,683	-	434,683
Foreign exchange gain	-	-	-	-	(194,355)	(194,355)
Impairment loss on non- financial assets	-	-	-	-	(5,479)	(5,479)
Impairment loss on financial assets	-	-	-	-	(45,718)	(45,718)
Profit before income tax	5,298,033	3,347,940	3,729,161	907,884	(3,458,827)	9,824,191
Income tax expense	-	-	-	-	(1,977,176)	(1,977,176)
Profit for the year	5,298,033	3,347,940	3,729,161	907,884	(5,436,003)	7,847,015
Other comprehensive income for the year	-	-	-	-	593	593
Total comprehensive income for the year	5,298,033	3,347,940	3,729,161	907,884	(5,435,410)	7,847,608
Other key information about segments						
Depreciation of property, plant and equipment and amortization of intangible assets	(639,291)	-	(53,900)	(29,860)	(173,117)	(896,168)
Capital expenditure	473,217	-	-	-	-	473,217
Impairment of property, plant and equipment	(5,479)	-	-	-	-	(5,479)

7 Property, Plant and Equipment

In thousands of Kazakhstani Tenge	Land	Buildings	Construction s	Containers	Railway platforms	Locomotives	Cranes and loaders	Vehicles	Other	Construction in progress	Total
Cost											
At 1 January 2020	318,967	2,114,596	6,145,030	10,020	1,724,800	48,672	5,100,106	698,710	1,818,814	1,688,986	19,668,701
Additions	-	-	10,790	-	7,753,872	-	147,263	-	173,254	380,960	8,466,139
Disposals	-	(8,938)	(3,447)	(365)	-	-	(60,652)	(42,056)	(143,409)	(38,743)	(297,610)
Transfer from right-of-use assets	-	-	-	-	968,527	-	-	-	-	-	968,527
Internal transfers	-	591,768	220,517	1,748	-	66,597	56,798	6,551	-	(943,979)	-
At 31 December 2020	318,967	2,697,426	6,372,890	11,403	10,447,199	115,269	5,243,515	663,205	1,848,659	1,087,224	28,805,757
Accumulated depreciation and impairment											
At 1 January 2020 r.	-	(755,764)	(1,878,717)	(8,659)	(269,498)	(48,672)	(2,445,789)	(405,347)	(1,310,005)	(15,396)	(7,137,847)
Depreciation charge for the year	-	(70,460)	(168,884)	(235)	(163,521)	(2,777)	(356,620)	(63,569)	(141,760)	-	(967,826)
Impairment provision	-	(34,077)	-	-	-	-	(8,876)	-	-	(401,080)	(444,033)
Disposals	-	8,308	3,366	366	-	-	48,242	37,675	138,990	38,684	275,631
Transfer from right-of-use assets	-	-	-	-	(206,714)	-	-	-	-	-	(206,714)
Recovery of impairment	-	-	6,915	-	-	-	14,985	-	1,241	-	23,141
At 31 December 2020	-	(851,993)	(2,037,320)	(8,528)	(639,733)	(51,449)	(2,748,058)	(431,241)	(1,311,534)	(377,792)	(8,457,648)
Carrying amount											
At 31 December 2020	318,967	1,845,433	4,335,570	2,875	9,807,466	63,820	2,495,457	231,964	537,125	709,432	20,348,109
Effect from revision of useful lives of property, plant and equipment at 1 January 2021	-	21	9,367	-	-	-	42,612	13,693	8,338	-	74,031

7 Property, Plant and Equipment (Continued)

In thousands of Kazakhstani Tenge	Land	Buildings	Construction s	Containers	Railway platforms	Locomotives	Cranes and loaders	Vehicles	Other	Construction in progress	Total
Cost											
At 1 January 2019	325,515	2,102,995	5,788,474	10,020	1,724,800	765,606	4,473,682	737,504	1,772,608	1,566,437	19,267,641
Additions	-	-	2,250	-	-	-	798,300	4,608	101,261	595,766	1,502,185
Disposals	-	(2,806)	(13,129)	-	-	(716,934)	(240,104)	(43,402)	(79,258)	-	(1,095,633)
Transfer from/to investment property	(6,548)	1,056	-	-	-	-	-	-	-	-	(5,492)
Internal transfers	-	13,351	367,435	-	-	-	68,228	-	24,203	(473,217)	-
At 31 December 2019	318,967	2,114,596	6,145,030	10,020	1,724,800	48,672	5,100,106	698,710	1,818,814	1,688,986	19,668,701
Accumulated depreciation and impairment											
At 1 January 2019	-	(699,007)	(1,723,436)	(8,469)	(215,598)	(404,166)	(2,401,941)	(380,232)	(1,253,108)	(15,396)	(7,101,353)
Depreciation charge for the year	-	(64,505)	(159,638)	(190)	(53,900)	(29,860)	(286,631)	(66,876)	(135,901)	-	(797,501)
Impairment provision	-	-	(8,772)	-	-	-	-	-	-	-	(8,772)
Disposals	-	2,806	13,129	-	-	385,354	239,490	41,761	79,004	-	761,544
Transfer to investment property	-	4,942	-	-	-	-	-	-	-	-	4,942
Recovery of impairment	-	-	-	-	-	-	3,293	-	-	-	3,293
At 31 December 2019	-	(755,764)	(1,878,717)	(8,659)	(269,498)	(48,672)	(2,445,789)	(405,347)	(1,310,005)	(15,396)	(7,137,847)
Carrying amount											
At 31 December 2019	318,967	1,358,832	4,266,313	1,361	1,455,302	-	2,654,317	293,363	508,809	1,673,590	12,530,854
Effect from revision of useful lives of property, plant and equipment at 1 January 2020	-	(540)	(8,352)	-	-	-	(9,780)	(481)	(3,450)	-	(22,603)

7 Property, Plant and Equipment (Continued)

On 12 June 2020, the Group entered into an agreement to open a credit line in the amount of KZT 6,236,160 thousand with SB Sberbank JSC, the loan was disbursed in the amount of KZT 6,201,805 thousand (Note 28). Thus, at the reporting date, the Group purchased 300 freight wagons for the total amount of KZT 7,753,872 thousand, as part of the investment program. The acquisition of the assets was financed by the bank loan, as well as by the Group's free cash. In accordance with the property pledge agreement with SB Sberbank JSC, all property, plant and equipment acquired through the bank loan will be pledged on the basis of a separately concluded agreement on the pledge of movable/immovable property, the carrying value of which, at the reporting date, was KZT 7,644,250 thousand.

The Group revised the useful lives of property, plant and equipment at 1 January 2021 and reflected this change as a change in accounting estimates in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The effect of the revision of the useful lives of property, plant and equipment amounted to KZT 74,031 thousand (at 1 January 2020: KZT 22,603 thousand). At 31 December 2020, the historical cost of fully depreciated property, plant and equipment was KZT 1,768,624 thousand (2019: KZT 1,892,651 thousand).

Major items of construction in progress at 31 December 2020 include a project for the reconstruction of transshipment site No. 7 at Dostyk station in the amount of KZT 156,309 thousand, a project for the reconstruction of a cargo yard in Nur-Sultan city in the amount of KZT 282,444 thousand, development of a project for the development of a cargo yard in Atyrau city and Almaty city in the amount of KZT 148,196 thousand and KZT 323,940 thousand, respectively.

At 31 December 2020, the Group recognized an impairment of construction in progress in the amount of KZT 401,080 thousand.

8 Investment Property

At 31 December 2020, the carrying amount of investment property carried at amortized cost was KZT 4,600,837 thousand. The Group hired an external appraiser, Otsenka i Ekspertiza LLP, which determined the market value of the assets in the amount of KZT 4,666,735 thousand.

<i>In thousands of Kazakhstani Tenge</i>	2020
Cost of investment property at 1 January	4,660,671
- accrued depreciation for the period	(59,834)
Amortized cost of investment property at 31 December	4,600,837

Rental income from investment property in 2020 amounted to KZT 530,125 thousand (2019: KZT 618,889 thousand).

One of the largest items of investment property is a business center in Almaty city, which is leased to the US Consulate General by management company, AP Property Management, on the basis of a real estate trust agreement dated 28 September 2018. The US Consulate has been a lessee of real estate since 2021, and the lease ends in July 2022. The monthly rental payment for 1 square meter is USD 41. The management of the Group highly expects the extension of the current lease, due to the lessee's interest in extending the term for the following reasons:

- economic inexpediency of changing location, due to the high capital costs incurred for the arrangement of special improvements;
- existing legal restrictions on relocation, due to the need to obtain permits from the authorized body to relocate the US Consulate in the Republic of Kazakhstan (Almaty city).

9 Right-of-Use Assets

From 1 January 2019, the lease is recognized as a right-of-use asset reflecting a corresponding liability from the date on which the leased asset is available for use by the Group. Movements in right-of-use assets for the year ended 31 December 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Land	Buildings	Vehicles	Railway platforms	Total
Carrying amount at 1 January 2019	102,686	2,702,270	31,426	792,080	3,628,462
Additions from modification	-	16,054	504	-	16,558
Disposals	(102,686)	(346,657)	(18,174)	-	(467,517)
Transfer to property, plant and equipment	-	-	-	(761,813)	(761,813)
Depreciation	-	(425,231)	(5,321)	(30,267)	(460,819)
Carrying amount at 31 December 2020	-	1,946,436	8,435	-	1,954,871

Movements in right-of-use assets for the year ended 31 December 2019 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Land	Buildings	Vehicles	Railway platforms	Total
Carrying amount at 1 January 2019	120,998	3,141,751	45,881	823,827	4,132,457
Additions	1,354	52,572	-	-	53,926
Disposals	-	(57,163)	(9,217)	(1,481)	(67,861)
Depreciation	(19,666)	(434,890)	(5,238)	(30,266)	(490,060)
Carrying amount at 31 December 2019	102,686	2,702,270	31,426	792,080	3,628,462

10 Intangible Assets

Movements in intangible assets for the year ended 31 December 2020 are presented as follows:

<i>In thousands of Kazakhstani Tenge</i>	Software	Other	Total
Cost			
1 January 2020	778,057	1,923	779,980
Additions	159,145	-	159,145
Disposals	(121,215)	-	(121,215)
At 31 December 2020	815,987	1,923	817,910
Accumulated amortization and impairment			
1 January 2020	(604,701)	(1,923)	(606,624)
Charge for the year	(62,977)	-	(62,977)
Disposals	121,229	-	121,229
At 31 December 2020	(546,449)	(1,923)	(548,372)
Carrying amount			
At 31 December 2020	269,538	-	269,538
At 1 January 2020	173,356	-	173,356

Movements in intangible assets for the year ended 31 December 2019 are presented as follows:

<i>In thousands of Kazakhstani Tenge</i>	Software	Other	Total
Cost			
1 January 2019	686,291	1,923	688,214
Additions	92,346	-	92,346
Disposals	(580)	-	(580)
At 31 December 2019	778,057	1,923	779,980
Accumulated amortization and impairment			
1 January 2019	(506,544)	(1,923)	(508,467)
Charge for the year	(98,667)	-	(98,667)
Disposals	510	-	510
At 31 December 2019	(604,701)	(1,923)	(606,624)
Carrying amount			
At 31 December 2019	173,356	-	173,356
At 1 January 2019	179,747	-	179,747

11 Other Non-current Assets

As at 31 December 2020, other non-current assets consist of the following:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Advances given for capital repairs and purchase of property, plant and equipment	1,229,010	1,229,010
Loan given to employee	6,240	7,647
Less: provision for advances given	(1,229,010)	(1,229,010)
Total other non-current assets	6,240	7,647

The advances given for capital repairs and purchase of property, plant and equipment include an advance given for the acquisition of fitting platforms for the amount of KZT 1,229,010 thousand to OJSC Novozybkov Machine-Building Plant (the "NMBP") pursuant to the Contract dated 21 December 2017. This advance payment was insured in the insurance company, Kommesk-Omir JSC (the "Insurer"). During 2018, NMBP did not perform its contractual obligations. At 31 December 2018, the Group recognized a provision for the total advance amount given to NMBP. The Group filed a claim against NMBP for the recovery of the advance payment, forfeit and penalty. Upon consideration, the court of Astana city decided in favour of the Group for the amount of KZT 2,340 million.

In 2019, the Group filed an application with the arbitration court of the Bryansk Region for the recognition and enforcement in the Russian Federation of the decision of the court of Nur-Sultan city. On August 30, 2019, the arbitration court satisfied the claims of the Group. At the same time, the Group applied to the Insurer several times with a demand to pay the insured amount, for which the Insurer invariably responded with a refusal.

On 19 March 2020, by the decision of the SIEC of Almaty, it was decided to deny the Group the claims against which the Group filed an appeal. On 17 June 2020, the Collegium for Civil Cases of the Almaty City Court refused to satisfy the Group's complaint, while the complaint was considered without the participation of the Group, since the secretary of the court session misled the Group. In this regard, the Group submitted a request to the Chairman of the Almaty City Court, after receiving a response to which, the Group intends to file a complaint with the RK General Prosecutor with a request to bring a protest, also to the relevant state bodies against the illegal actions of court officials.

At the same time, in October 2019, the Insurer applied to the arbitration court with a claim against NMZ to invalidate the insurance contract. In February 2020, the Arbitration Court of the Bryansk Region refused to satisfy the claim to the Insurer. The insurer filed an appeal, the consideration of which was scheduled for 25 August 2020.

On 22 July 2020, No. 7599-20-20/5520, the Administrator of the Courts for Almaty city received a response to the complaint, where the arguments indicated in the complaint about the failure to connect the plaintiff's representative to the court session were confirmed.

On 25 September 2020, the Group applied to the Judicial Collegium for Civil Cases of the RK Supreme Court with demands to cancel the decision of the SIEC of Almaty dated 19 March 2020 and the Resolution of the Judicial Collegium on Civil and Administrative Cases of the Almaty City Court dated 17 June 2020.

By the resolution dated 9 December 2020 of the RK Supreme Court, the Resolution of the Judicial Collegium for Civil and Administrative Cases of the Almaty City Court dated 17 June 2020 was cancelled, the case was sent for a new consideration to the Almaty City Court with a different composition of judges.

12 Investments

At 31 December 2020, investments are represented by 10% participation in the share capital of Transeurasia CJSC and amount to Tenge 2,330 thousand (31 December 2018: Tenge 2,330 thousand).

13 Inventories

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Materials	933,463	1,164,352
Fuel	48,732	57,935
Spare parts	23,296	77,117
Goods purchased for resale	2,653	1,596
Other	52,063	58,885
Less: provision for slow-moving and obsolete inventories	(42,701)	(16,268)
Total inventories	1,017,506	1,343,617

Change in the provision for slow-moving and obsolete inventories for the year ended 31 December 2020 and 31 December 2019 is presented as follows:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
At 1 January	(16,268)	(21,252)
Charged for the year	(87,508)	(1,047)
Reversed	712	5,991
Written off	60,363	40
At 31 December	(42,701)	(16,268)

14 Trade Receivables

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Trade receivables	7,600,852	3,438,602
Credit loss allowance	(2,081,741)	(1,221,766)
Total trade receivables at 31 December	5,519,111	2,216,836

The Group applies the IFRS 9 simplified approach to measuring 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 for previous 12 months. The credit loss allowance for trade receivables is determined according to the provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due.

Trade receivables are written off in full or partially when the Group has practically applied all debt recovery measures and concluded that there are no reasonable grounds to expect a return of the debt. This is usually the case when the receivables are overdue for more than 360 days.

14. Trade Receivables (Continued)

<i>In thousands of Kazakhstani Tenge</i>	Loss rate	Gross carrying amount	Lifetime ECL
Trade receivables			
- current			
- less than 30 days overdue	5.01%	3,106,452	(155,584)
- 30 to 60 days overdue	8.14%	2,646,024	(215,312)
- 60 to 90 days overdue	26.19%	54,567	(14,289)
- over 90 days overdue	40.18%-100%	1,793,809	(1,696,556)
Total trade receivables (gross carrying amount)		7,600,852	-
Credit loss allowance		-	(2,081,741)
Total trade receivables (carrying amount)		5,519,111	-

At 31 December 2019, the provision matrix is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Loss rate	Gross carrying amount	Lifetime ECL
Trade receivables			
- current	0.29%	462,509	(1,321)
- less than 30 days overdue	0.29%	1,252,576	(3,578)
- 30 to 60 days overdue	1.16%	107,869	(1,255)
- 60 to 90 days overdue	2.20%	106,160	(2,333)
- over 90 days overdue	4.45%-100%	1,509,488	(1,213,279)
Total trade receivables (gross carrying amount)		3,438,602	-
Credit loss allowance		-	(1,221,766)
Total trade receivables (carrying amount)		2,216,836	-

14. Trade Receivables (Continued)

The following table explains the changes in the credit loss allowance for trade receivables under simplified ECL model between 31 December 2020 and 31 December 2019.

<i>In thousands of Kazakhstani Tenge</i>	Credit loss allowance 31 December 2020	Credit loss allowance 31 December 2019
Trade receivables		
Balance at 1 January	(1,221,766)	(1,123,499)
New originated or purchased	(1,166,555)	(146,535)
Reversal	282,684	48,584
Total credit loss allowance charge in profit or loss for the period	(883,871)	(97,951)
Write-offs	23,896	(316)
Balance at 31 December	(2,081,741)	(1,221,766)

At 31 December 2020 and 31 December 2019, trade receivables are denominated in the following currencies:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Tenge	5,518,609	1,581,491
US Dollars	502	616,306
Russian Roubles	-	19,039
Total trade receivables	5,519,111	2,216,836

15 Advances Given

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
For provision of services	3,295,387	288,549
For purchase of goods	22,702	24,146
Less: provision for advances given	(79,282)	(24,502)
Total advances given	3,238,807	288,193

The main share of advances given at 31 December 2020 is attributed to KTZ-Freight Transportation in the amount of KZT 2,865,205 thousand for re-billed transport and forwarding services.

Change in the provision for advances given as at 31 December 2020 and 31 December 2019 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
At 1 January	(24,502)	(56,346)
Charged for the year	(54,796)	(8,217)
Reversed	16	40,061
Write-off of advances given against a previously created reserve	-	-
At 31 December	(79,282)	(24,502)

16 Taxes Receivable

At 31 December 2020 and 31 December 2019, taxes receivable included the following:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Value added tax	776,086	355,935
Property tax	9,915	6,118
Social tax	4,737	1,182
Land tax	3,096	3,097
Vehicles tax	1,689	1,682
Personal income tax	263	263
Other	3,320	6,190
Total taxes receivable	799,106	374,467

17 Other Receivables

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Other receivables	45,391	43,188
Less: allowance for doubtful accounts	(45,391)	(43,188)
Total financial assets within other receivables	-	-
Claims receivable	156,400	199,417
Receivables from employees	49,783	53,469
Deferred expense	35,836	57,497
Loans to employees	1,299	1,299
Other	7,720	6,069
Less: allowance for doubtful accounts	(154,580)	(65,269)
Total other receivables	96,458	252,482

Change in the allowance for doubtful accounts as at 31 December 2020 and 31 December 2019 is presented as follows:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
At 1 January	(108,457)	(106,249)
Reversed	(2,255)	177
Charged for the year	(89,259)	(2,385)
At 31 December	(199,971)	(108,457)

18 Short-Term Financial Investments

At 31 December 2020, short-term financial investments of the Group were represented by the following deposits:

- with the Kazakhstani banks with an original maturity of more than three months but less than one year;
- intra-group financial assistance issued to the parent company.

<i>In thousands of Kazakhstani Tenge</i>	Currency	Interest rate, %	Maturity	31 December 2020
National Company Kazakhstan Temir Zholy JSC	Tenge	Not applicable	26.10.2020 - 26.20.2021	118,229
Sberbank of Russia JSC SB	Tenge	5.5	20.09.2020 - 20.09.2021	998
Total short-term financial investments				119,227

At 31 December 2019, short-term financial investments of the Group were represented by the following deposits held with the Kazakhstani banks with an original maturity of more than three months but less than one year:

<i>In thousands of Kazakhstani Tenge</i>	Currency	Interest rate, %	Maturity	31 December 2019
Sberbank of Russia JSC SB	Tenge	7.5	19.09.2019 - 19.09.2020	11,194
Total short-term financial investments				11,194

19 Cash and Cash Equivalents

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Cash on bank accounts, Tenge	1,766,059	714,420
Cash on bank accounts, US dollars	1,537,015	8,305,402
Cash on bank accounts, Chinese Yuan	2,722	1,942
Cash in transit	1,464	4,955
Cash on bank accounts, Russian Roubles	690	507,871
Cash on bank accounts, Uzbek Sum	239	73
Cash on hand	218	1,422
Cash on bank accounts, Belarus Roubles	4	258
Credit loss allowance	(380)	(6,099)
Total cash and cash equivalents	3,308,031	9,530,244

At 31 December 2020 and 31 December 2019, the credit quality of cash and cash equivalents balances is summarised as follows:

<i>In thousands of Kazakhstani Tenge</i>	Rating	2020		2019	
		Bank balances on demand	Term deposits	Bank balances on demand	Term deposits
Altyn Bank JSC	BBB- Fitch Ratings	975,670	-	974,343	1,336,072
Sberbank JSC SB	BBB- Fitch Ratings	975,213	-	234,912	-
ForteBank JSC	B Fitch Ratings	900,043	-	949,027	1,346,518
Halyk Bank Kazakhstan JSC	BB+Fitch Ratings	450,165	-	2,520,606	-
BTA Bank CJSC Brest Directorate BSC	N/a	3,290	-	307	-
Bank of China	A Fitch Ratings	2,722	-	1,942	-
TIF Milliyi Banking Markazi	BB- Standard&Poor's	1,090	-	155	-
Cash in hand	N/a	218	-	1,422	-
Alfa-Bank JSC SB	BB- Fitch Ratings	-	-	2,170,909	-
VTB Bank (Kazakhstan) JSC SB	BB+ Standard&Poor's	-	-	130	-
Credit loss allowance		(380)	-	(668)	(5,431)
Total cash and cash equivalents		3,308,031	-	6,853,085	2,677,159

20 Non-Current Assets Classified as Held for Sale

In August 2018 the Group and Qazaq Banki JSC entered into the Settlement Agreement ("Agreement"), whereby the deposits payable from Qazaq Banki JSC to the Group are settled using immovable property (3 residential apartments, 3 parking spaces and 2 non-residential commercial premises) in Almaty city. The Group registered its title to these facilities. At 31 December 2020, the value of these properties is KZT 397,044 thousand (31 December 2019: KZT 397,044 thousand). At 31 December 2019 and 31 December 2018, the market value of these properties was estimated, which amounted to KZT 397,044 thousand and KZT 470,050 thousand, respectively.

At 31 December 2020 and 31 December 2019, management classified the assets received from Qazaq Banki JSC as non-current assets held for sale. Management of the Group is performing the sales plan for these assets.

21 Share Capital

At 31 December 2020 and 31 December 2019, the authorized, issued and fully paid share capital of the Group included 1,255,242 shares with par value of Tenge 1,000 per each.

At 31 December 2020, shares were allocated as follows:

Shareholder	Share, %	Number of shares	Thousand Tenge
National Company Kazakhstan Temir Zholy JSC	100%	1,255,242	1,255,242
Total share capital	100%	1,255,242	1,255,242

At 31 December 2019, shares were allocated as follows:

Shareholder	Share, %	Number of shares	Thousand Tenge
Logistic System Management B.V. Private Limited LIA	100%	1,255,242	1,255,242
Total share capital	100%	1,255,242	1,255,242

On 22 November 2020, the re-registration of shares of Logistic System Management B.V. Private Limited LIA. took place, as a result of which the National Company Kazakhstan Temir Zholy JSC became the sole shareholder of the Group.

In 2020, dividends for 2018 and 2019 were declared in the total amount of KZT 5,941,663 thousand. The actual payment was made in the amount of KZT 5,531,168 thousand net of the exchange difference and withholding taxes (2019: dividends for 2017 were declared in the total amount of KZT 4,145,813 thousand).

22 Trade Payables

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
For services	1,214,421	491,790
For goods	64,095	431,327
For property, plant and equipment and intangible assets	169,955	77,619
Total trade payables	1,448,471	1,000,736

At 31 December 2020 and 31 December 2019, trade payables were denominated in the following currencies:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Tenge	1,127,290	725,183
US Dollars	314,207	268,667
Russian Roubles	6,966	6,098
Uzbek Sums	7	100
Belarus Roubles	1	688
Total trade payables	1,448,471	1,000,736

23 Contract Liabilities

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Contract liabilities	1,868,142	453,147
Total contract liabilities	1,868,142	453,147

24 Taxes Payable

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Personal income tax	22,675	22,203
Social tax	16,552	20,301
Others	2,236	3,086
Total taxes payable	41,463	45,590

25 Other Payables and Accrued Liabilities

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Provision for unused vacations	267,418	267,746
Provision for bonuses	191,755	625,862
Short-term warranty liabilities	164,115	198,566
Liabilities on other obligatory and voluntary payments	77,189	69,942
Payables to employees	44,232	258,750
Other payables	2,708	4,010
Total other payables and accrued liabilities	747,417	1,424,876

26 Employee Benefit Obligations

Movements in employee benefit obligations for the period ended 31 December 2020 and 31 December 2019 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Total liabilities at 1 June 2020	157,685	144,526
Current cost of services	15,751	17,293
Cost of past services	(21,045)	(26,068)
Actuarial revaluation recognized in other comprehensive loss	9,205	(741)
Actuarial loss recognized in profit or loss for the period	3,054	11,814
Interest expenses	14,751	-
Discount unwinding expenses	-	10,861
Total liabilities at the end of the year	179,401	157,685
Including liabilities maturing within a year	16,551	17,247
Liabilities maturing after one year	162,850	140,438
Total obligations at the end of the year	179,401	157,685

27 Lease Liabilities

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020		31 December 2019	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within one year	712,689	367,705	742,502	315,636
From two to five years inclusive	2,466,659	1,729,775	2,933,638	2,045,031
Over five years	185,614	163,851	877,301	781,083
Net liabilities	3,364,962	2,261,331	4,553,441	3,141,750
Less future finance costs	(1,103,631)		(1,411,691)	
Present value of lease liabilities	2,261,331	2,261,331	3,141,750	3,141,750
Less the amount due within 12 months	-	(367,705)	-	(442,118)
Amount due after 12 months		1,893,626		2,699,632

27 Lease Liabilities (Continued)

The Group has recognized the following lease liabilities:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Short-term lease liabilities	367,705	442,118
Long-term lease liabilities	1,893,626	2,699,632
Total lease liabilities	2,261,331	3,141,750

Interest expense included in finance costs in 2020 amounted to KZT 747,970 thousand (2019: KZT 513,671 thousand). Expenses related to short-term lease included in operating expenses:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Expenses related to short-term leases	10,350,114	10,140,644
Expenses related to leases of low-value assets that are not recognized above in the category of short-term leases	-	-

KZT 10,350,114 thousand includes railcar rental under a contract with KTZ Express JSC and Kaztemirtrans JSC in the amount of KZT 10,312,998 thousand. These contracts are concluded for one year. In subsequent years, a new agreement is concluded, in which the number of railcars and the railcars themselves may change.

28 Borrowings

At 31 December 2020, borrowings received are presented as non-current part of a loan obligation in the amount of KZT 5,064,317 thousand and a current part of a loan obligation in the amount of KZT 911,457 thousand (31 December 2019: nil).

On 12 June 2020, the Group entered into an agreement on opening a credit line in the amount of KZT 6,236,160 thousand with Sberbank JSC SB for the purchase of 300 units of freight wagons. The actual disbursement of the loan amounted to KZT 6,201,805 thousand, received in seven tranches during 2020. The interest on the loan is repaid in monthly instalments at an interest rate of 12.75%. The principal is repayable in quarterly instalments until fully repaid in 2027.

For the year ended 31 December 2020, interest expenses amounted to KZT 310,226 thousand (Note 31). At 31 December 2020, the accrued interest on the loan was KZT 18,599 thousand and the short-term portion of the loan was KZT 892,858 thousand.

At 31 December 2020, the Group also has an available credit line with a credit institution in VTB Bank JSC SB (Kazakhstan) in the amount of KZT 5,500,000 thousand (agreement for the provision of a credit line dated 25 June 2019 No. 1/80/4-P).

The table below shows the movement of the loan from the date of receipt to 31 December 2020:

<i>In thousands of Kazakhstani Tenge</i>	Bank	Loan received	Reclassification	Interest expenses on loans	Payment of principal	Payment of interest	Balance at 31 December 2020
Long-term portion of loan	Sberbank JSC SB	6,201,805	(1,137,488)	-	-	-	5,064,317
Short-term portion of loan	Sberbank JSC SB	-	1,137,488	-	(244,630)	-	892,858
Accrued interest	Sberbank JSC SB	-	-	310,226	-	(291,627)	18,599
Total borrowings		6,201,805	-	310,226	(244,630)	(291,627)	5,975,774

29 Operating Income

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Services for handling of railcars	20,871,978	22,590,211
Reloading and fastening of freights related to international carriage	10,571,730	10,926,514
Terminal services	2,680,338	2,587,829
Transportation and forwarding services	1,269,078	3,547,300
Rent	530,125	618,889
Warehousing and storage	695,384	454,694
Other operating income	20,930	17,909
Total operating income	36,639,563	40,743,346

30 Operating Expenses

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Rent	10,350,114	10,140,487
Third party services related to principal activities	6,384,654	6,945,405
Payroll expenses	5,413,682	5,711,552
Works and services for freight transportation and handling	2,172,618	2,348,145
Depreciation and amortisation	1,551,456	1,448,612
Materials	1,216,982	1,308,631
Maintenance and repair	772,136	758,130
Taxes other than income tax	702,123	633,340
Consulting and information services	129,787	116,922
Reversal of provision for legal claims	-	(54,715)
Other	1,431,503	1,274,143
Total operating expenses	30,125,055	30,630,652

31 Finance Costs

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Interest expense on lease liabilities	418,775	513,671
Interest on loan	310,226	-
Credit line fee	15,590	-
Total finance costs	744,591	513,671

32 Finance Income

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Rental modification income	48,362	-
Interest on current accounts	24,793	14,276
Interest income on deposits	638	21,761
Total finance income	73,793	36,037

33 Other Operating Income

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Income from trust management of property	148,363	115,087
Income from fines and claims	116,611	230,523
Income from stock count of PPE	10,790	-
Income from accommodation	9,347	9,324
Reimbursement of expenses	2,450	2,518
Gain on disposal of assets	2,382	-
Reversal of written-off payables	(534)	(2,072)
Gains less losses from revaluation of investment property	-	68,025
Other income	9,706	11,278
Total other operating income	299,115	434,683

34 Impairment Loss

The table below reflects the impairment loss on non-financial assets for 2020 and 2019:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Property, plant and equipment	420,892	5,479
Inventory	86,796	-
Total impairment loss on non-financial assets	507,688	5,479

The table below reflects the impairment loss on financial assets for 2020 and 2019:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Allowance for doubtful accounts	991,150	47,714
Provision for cash and cash equivalents	(5,717)	(1,996)
Total impairment loss on financial assets	985,433	45,718

35 Income Tax Expense

The income tax rate in the Republic of Kazakhstan, where the Group operates, was 20% in 2020 and 2019.

The Group's income tax expense for 2020 and 2019 comprised:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Current income tax expense	1,032,541	2,021,315
Deferred income tax expense/(benefit) recognized in profit or loss	338,406	(44,139)
Income tax expense	1,370,947	1,977,176

35 Income Tax Expense (Continued)

Movement in items, which give rise to the deferred income tax, was as follows:

<i>In thousands of Kazakhstani Tenge</i>	2018	Charged/ (credited) to profit or loss	Charged to other comprehen sive income	2019	Charged/ (credited) to profit or loss	Charged to other comprehen sive income	2020
Tax effect of deductible temporary differences							
Allowance for doubtful accounts	249,190	16,010	-	265,200	191,133	-	456,333
Employee benefit obligations	181,180	29,226	(148)	210,258	(109,218)	(9,205)	91,835
Provision for slow-moving and obsolete inventories	4,250	(996)	-	3,254	5,286	-	8,540
Taxes payable	4,363	315	-	4,678	(760)	-	3,918
Lease liability	-	-	-	-	450,998	-	450,998
Other	10,943	41,053	-	51,996	95,272	-	147,268
Total deferred tax asset	449,926	85,608	(148)	535,386	632,711	(9,205)	1,158,892
Tax effect of taxable temporary differences							
Long-term non-financial assets	1,068,981	41,469	6,913	1,117,363	961,912	-	2,079,275
Gross deferred tax liability	1,068,981	41,469	6,913	1,117,363	961,912	-	2,079,275
Less offsetting with deferred tax assets	(449,926)	(85,608)	148	(535,386)	(632,711)	9,205	(1,158,892)
Total deferred tax liability	619,055	(44,139)	7,061	581,977	329,201	9,205	920,383

35 Income Tax Expense (Continued)

Below is the reconciliation of corporate income tax at 20% with the actual corporate income tax expense recognized in the consolidated statement of profit and loss and other comprehensive income of the Group:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Profit before income tax	5,139,660	9,886,575
Tax at statutory rate of 20%	1,027,932	1,977,315
Adjustments for:		
Non-deductible expenses in determining taxable profit	1,804	29,317
Change in allowance	114,982	-
Impairment of assets	101,538	-
Lease liabilities	89,850	-
Other	34,841	(29,456)
Income tax expense	1,370,947	1,977,176

The data for 2019 are based on profit before tax before income statement revision.

The income tax prepayment at 31 December 2020 amounted to KZT 953,432 thousand (31 December 2019: KZT 485,040 thousand).

36 Contingencies and Commitments

Operating environment

The Group's principal activity is within the Republic of Kazakhstan. Laws and regulations affecting businesses operating in the Republic of Kazakhstan are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

Taxation and legal environment

Tax conditions in the Republic of Kazakhstan are subject to changes and inconsistent application and interpretation. Discrepancies in interpretation of Kazakhstan laws and regulations by the Group and Kazakhstani authorities may lead to accrual of additional taxes, penalties and interest.

Kazakhstani tax legislation and practice are in a state of continuous development and therefore are subject to varying interpretations and frequent changes, which may be retroactive. In some cases, for the purpose of determining the tax base, the tax legislation refers to IFRS provisions, at that the interpretation of relevant IFRS provisions by Kazakhstan tax authorities may differ from the accounting policies, judgements and assessments applied by management in preparation of these consolidated financial statements, which could lead to additional tax liabilities of the Group. Tax periods remain open to retroactive review by the tax authorities for five years.

The Group's management believes that its interpretation of the relevant legislation is appropriate and the Group's tax position is justified. In the opinion of the Group's management, the Group will not incur significant losses on current and potential tax claims exceeding provisions formed in these consolidated financial statements.

Legal issues

The Group has been and continues to be the subject of legal proceedings and decisions from time to time which have not had, individually or in the aggregate, any significant impact on the Group.

Currently, one of the significant legal proceedings is pending on Novozybkov Machine-Building Plant OJSC / Kommesk Omir JSC (Note 11).

Management believes that the resolution of any other business matters will not have a material impact on the Group's financial position or performance. At 31 December 2020, the Group has no commitments, the investment plan was completed in 2020 (31 December 2019: KZT 71,285 thousand).

37 Related Party Transactions

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, attention is directed to the substance of the relationship, not merely the legal form.

For the year ended 31 December 2020 and 31 December 2019, related party transactions were entered into on terms and conditions agreed between the related parties, which may differ from market terms and conditions. Transactions with related parties and amounts under such transactions for the specified year were as follows:

Receivables from related parties at 31 December 2020 and 31 December 2019 included the following:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Trade receivables from related parties	46,650	991,691
Credit loss allowance	-	(39,014)
Total trade receivables at 31 December	46,650	952,677

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

<i>In % of gross value</i>	Loss rate	Gross carrying amount	Lifetime ECL
Trade receivables from related parties			
- less than 30 days overdue	-	28,586	-
- 30 to 60 days overdue	-	18,064	-
- 60 to 90 days overdue	-	-	-
- over 90 days overdue	-	-	-
Total trade receivables from related parties (gross carrying amount)		46,650	-
Credit loss allowance		-	-
Total trade receivables from related parties (carrying amount)		46,650	-

37 Related Party Transactions (Continued)

At 31 December 2019, the provision matrix is presented as follows:

<i>In % of gross value</i>	Loss rate	Gross carrying amount	Lifetime ECL
Trade receivables from related parties			
- less than 30 days overdue	0.29%	779,435	(2,227)
- 30 to 60 days overdue	1.16%	171,513	(1,995)
- 60 to 90 days overdue	2.20%	5,046	(111)
- over 90 days overdue	4.45%-100%	35,697	(34,681)
Total trade receivables from related parties (gross carrying amount)		991,691	
Credit loss allowance		-	(39,014)
Total trade receivables from related parties (carrying amount)		952,677	-

The following table explains the changes in the credit loss allowance for trade receivables from related parties under simplified ECL model between the beginning and the end of the annual period.

At 31 December 2020, the movements in credit loss allowance are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Credit loss allowance	Total
Trade receivables		
Balance at 1 January 2020	(39,014)	(39,014)
New originated or purchased	-	-
Reversal	39,014	39,014
Total credit loss allowance charge in profit or loss for the year		
	-	-
Write-offs	-	-
Balance at 31 December 2020		
	-	-

37 Related Party Transactions (Continued)

At 31 December 2019, the movements in credit loss allowance for trade receivables from related parties are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Credit loss allowance	Total
Trade receivables		
Balance at 1 January 2019	(59,615)	(59,615)
New originated or purchased	(7,565)	(7,565)
Reversal	28,166	28,166
Total credit loss allowance charge in profit or loss for the year	20,601	20,601
Write-offs	-	-
Balance at 31 December 2019	(39,014)	(39,014)

At 31 December 2020 and 31 December 2019, trade receivables from related parties were denominated in the following currencies:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Kazakhstani Tenge	46,650	952,677
Russian Rouble	-	-
US Dollars	-	-
Total trade receivables from related parties	46,650	952,677

37 Related Party Transactions (Continued)

Advances given to related parties at 31 December 2020 and 31 December 2019 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Advances given	128,236	1,542,124
Total advances given to related parties	128,236	1,542,124

Trade payables to related parties at 31 December 2020 and 31 December 2019 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Trade payables	36,727	243,931
Total trade payables to related parties	36,727	243,931

Contract liabilities to related parties as at 31 December 2020 and 31 December 2019 included the following:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Contract liabilities	-	474,590
Total contract liabilities to related parties	-	474,590

As at 31 December 2020 and 31 December 2019, trade payables to related parties were denominated in the following currencies:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2020	31 December 2019
Kazakhstani Tenge	36,727	232,521
US Dollars	-	9,024
Russian Rouble	-	2,386
Total trade payables to related parties	36,727	243,931

37 Related Party Transactions (Continued)

<i>In thousands of Kazakhstani Tenge</i> Company name	Trade receivables from related parties		Trade payables to related parties	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Related parties with significant balances				
PJSC TransContainer		221,303		482,695
RZhD Logistics OJSC		-		
NC Kazakhstan Temir Zholy Freight Transportation JSC	47,519	1,269,231		-
KTZ Express	15,085	932,671		185,055
Kaztemirtrans JSC	112,282	70,041	15,376	16,647
National Company Kazakhstan Temir Zholy JSC		1,555	2,679	3,669
Passenger Transportation JSC		-		-
Military Railway Security JSC		-		14,767
Kaztransservice JSC		-		-
Other	-	39,014	18,672	15,688
Total related parties with significant balances	174,886	2,533,815	36,727	718,521
Allowance for doubtful accounts		(39,014)		
Total trade receivables from and payables to related parties	174,886	2,494,801	36,727	718,521

The income and expense items with related parties for 2020 and 2019 were as follows:

<i>In thousands of Kazakhstani Tenge</i> Company name	Types of revenue	Revenue	
		2020	2019
PJSC TransContainer	transport and forwarding services	8,584,985	20,112,551
	handling of railcars	179	276
	other	3,195	2,422
	handling of railcars	2,422,558	4,035,103
	terminal services	1,184,326	2,039,894
KTZ Express	transport and forwarding services	135,639	3,592,563
	rent	4,234	4,298
	other	-	72
	terminal services	15,927	105,377
NC Kazakhstan Temir Zholy Freight Transportation JSC	rent	796	796
	other	244	-
	terminal services	-	36,661
	transport and forwarding services	-	7,195
Kaztemirtrans JSC	handling of railcars	-	128
OTLK Project Office JSC	terminal services	106,620	38,052
National Company Kazakhstan Temir Zholy JSC	rent	930	1,504
Other	rent	19,518	84,423
Total revenue – related parties		12,479,151	30,061,315

37 Related Party Transactions (Continued)

<i>In thousands of Kazakhstani Tenge</i>		Expense	
Company name	Types of expense	2020	2019
NC Kazakhstan Temir Zholy Freight Transportation JSC	transport and forwarding services	10,383,780	21,141,110
	handling of railcars	5,058,096	3,860,037
	terminal services	-	1,090,652
	other	1,135	-
	handling of railcars	5,909,075	9,762,354
Kaztemirtrans JSC	transport and forwarding services	113,023	135,337
	terminal services	-	49,500
	other	51	-
KTZ Express	transport and forwarding services	1,125,615	3,823,055
	handling of railcars	330,369	380,500
	terminal services	-	19,727
	other	484	-
PJSC TransContainer National Company Kazakhstan	transport and forwarding services	181,841	651,644
	handling of railcars	57,248	381,751
Temir Zholy JSC Military Railway Security JSC	transport and forwarding services	16,693	29,969
	terminal services	-	138,113
	terminal services	-	140,576
	handling of railcars	81,894	191
Other	rent	14,269	12,389
Total expense – related parties		23,273,573	41,616,905

Sales to related parties, purchases from related parties are made at market prices. Outstanding balances at year-end are unsecured, interest free and payments are made in cash or by offsetting. There were no guarantees given or received on any receivables and payables to related parties.

Compensation of key management personnel of the Group

Key management personnel consist of the President, Vice-Presidents, President Advisors, Executive Directors, Chief Engineer, Chief Accountant and members of the Group's Board of Directors, in total 28 persons at 31 December 2020 (31 December 2019: 25 persons). Compensation of key management personnel for 2020 and 2019 is presented as follows:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Salaries and bonuses	313,712	499,531
Social tax	27,756	43,719
Pension contributions	22,701	23,756
Social contributions	1,840	1,867
Total compensation of key management personnel	366,009	568,873

38 Financial Instruments, Objectives and Financial Risk Management Policy

The risk management function within the Group is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

38 Financial Instruments, Objectives and Financial Risk Management Policy (Continued)

Credit risk

The Group exposes itself 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 meet an obligation. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets. Credit risk is associated mainly with the Group's trade and other receivables, trade receivables from related parties, cash and cash equivalents, short-term financial investments.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position.

Expected credit loss (ECL) measurement. ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the commitment amounts to an on-balance sheet exposure within a defined period. PD is an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's *lifetime period*. The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. For loan commitments and financial guarantee contracts, it is the contractual period over which an entity has a present contractual obligation to extend credit.

Management models *Lifetime ECL*, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL*, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these consolidated financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information*, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The ECL modelling does not differ for Purchased or Originated Credit Impaired ("POCI") financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination.

38 Financial Instruments, Objectives and Financial Risk Management Policy (Continued)

For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
- the borrower is deceased;
- the borrower is insolvent;
- the borrower is in breach of financial covenant(s);
- it is becoming likely that the borrower will enter bankruptcy; and
- the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

For purposes of disclosure, the Group fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Group.

The Group considers a financial instrument to have experienced a significant increase in credit risk (SICR) in the event of 365 days overdue.

The level of ECL that is recognised in these consolidated financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed.

ECL for POCI financial assets is always measured on a lifetime basis. The Group therefore only recognises the cumulative changes in lifetime expected credit losses.

The Group has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal ratings are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings. The Group performs an assessment on an individual basis for the following types of financial assets: financial assets with unique credit risk characteristics, individually significant financial assets and impaired financial assets. The Group performs an assessment on a portfolio basis for the following types of financial assets: trade receivables and trade receivables from related parties. This approach stratifies the loan pool into homogeneous segments based on borrower-specific information, such as delinquency status, the historical data on losses, location and other predictive information.

38 Financial Instruments, Objectives and Financial Risk Management Policy (Continued)

Receivables are classified either within stage 2 or stage 3:

- Stage 2 includes receivables, for which a simplified approach was applied to measure expected credit losses during the loan period, except for certain trade receivables classified in Stage 3,
- Stage 3 includes receivables overdue by more than 360 days or individually determined to be impaired.

The Group performs assessments based on external ratings for cash and cash equivalents and short-term financial investments.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future quarter during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The key principles of calculating the credit risk parameters. The EADs are determined based on the expected payment profile, that varies by product type. EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortising products and bullet repayment loans. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation. For revolving products, the EAD is predicted by taking the current drawn balance and adding a "credit conversion factor" that accounts for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type, current limit utilisation and other borrower-specific behavioural characteristics.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument. The Group uses different statistical approaches depending on the segment and product type to calculate lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data, hazard rate approach or other.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event. The approach to LGD measurement can be divided into three possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on recovery statistics; or
- individually defined LGD depending on different factors and scenarios.

38. Financial Instruments, Objectives and Financial Risk Management Policy (Continued)

The Group calculates LGD based on specific characteristics of the collateral, such as projected collateral values, historical discounts on sales and other factors for loans secured by real estate and liquid securities. LGD is calculated on a collective basis based on the latest available recovery statistics for the remainder of the corporate loan portfolio and for retail secured and unsecured products.

Principles of assessment based on external ratings

Certain exposures have external credit risk ratings and these are used to estimate credit risk parameters PD and LGD from the default and recovery statistics published by the respective rating agencies. This approach is applied to government and blue-chip corporate bonds exposures.

Capital deficit risk management

The Group manages its capital deficit risk to ensure that the Group will continue to work as a going concern with maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group comprises share capital, retained earnings, as presented in the consolidated statement of changes in equity.

Currency risk

Short-term and long-term payables of the Group denominated in US Dollars are accounted for in Tenge. Devaluation of Tenge against the US Dollar may cause an increase in the Group's expenses due to growth of the exchange rate.

In respect of foreign currency risk, management sets limits on the level of risk for each currency and in total. The table below shows the Group's foreign exchange rate risk at the end of the reporting period.

Sensitivity analysis in relation to foreign currency

Sensitivity risk in relation to the foreign currency was that consolidated financial results of the Group depend on changes in exchange rates to which the Group is exposed. The Group operates mainly in the territory of the Republic of Kazakhstan.

The following table reflects the Group's sensitivity to a 10% increase and decrease in the value of the Tenge against USD and Russian Rouble. This proportion of sensitivity used in the preparation of internal reporting on foreign currency risk internally for key management and represents management's assessment of reasonably possible changes in exchange rates. The sensitivity analysis includes only outstanding cash positions in foreign currency and adjusts their translation at the end of the period, taking into account a 10% change in Tenge/USD exchange rate and 5% change in Tenge/ Russian Rouble exchange rate (2019: 10%). The table below shows the change of financial assets by strengthening of Tenge by 10% against USD and Russian Rouble (2019: 10%). A positive number indicates an increase in pre-tax profit for the reporting period and negative - a decrease in pre-tax profit. When Tenge is weakening against the relevant currency the same and opposite impact on the pre-tax profit will be demonstrated.

<i>In thousands of Kazakhstani Tenge</i>	US Dollar effect	
	2020	2019
Financial assets	153,744	892,171
Financial liabilities	(31,421)	(27,769)

38 Financial Instruments, Objectives and Financial Risk Management Policy (Continued)

<i>In thousands of Kazakhstani Tenge</i>	Russian Rouble effect	
	2020	2019
Financial assets	69	52,691
Financial liabilities	(697)	(848)

It mainly relates to cash denominated in US Dollars at the reporting date.

Carrying value of financial assets and financial liabilities in foreign currency at 31 December was as follows:

<i>In thousands of Kazakhstani Tenge</i>	2020	2019
Financial assets		
US Dollars	1,537,441	8,921,708
Russian Roubles	690	526,910
Financial liabilities		
US Dollars	(314,207)	(277,691)
Russian Roubles	(6,966)	(8,484)

Credit risk

Credit risk arising from the counterparties' default on the terms of contracts with the Group's financial instruments is usually limited to the amounts, if any, for which the value of the counterparty's obligations exceeds the obligations of the Group to these counterparties. The Group's policy provides operations with financial instruments with a number of creditworthy counterparties. The maximum exposure to credit risk is equal to the carrying amount of each financial asset. The Group considers that its maximum risk is equal to the total of its trade receivables (Note 14), other receivables (Note 17) and receivables from related parties (Note 37) net of allowance for doubtful accounts, recorded at the reporting date.

Concentration of credit risk may arise if there are several outstanding amounts from one debtor or group of debtors with similar conditions of activity in respect of which there is a reason to expect that changes in economic conditions or other circumstances may equally affect their ability to fulfil their obligations.

The Group has a policy providing continuous monitoring to ensure that transactions would be concluded with customers having an adequate credit history and would not exceed the credit limits. Due to the fact that the obligations of counterparties are mainly represented by liabilities from related parties, the Group believes that these obligations will be repaid on demand.

The Group does not act as a guarantor for liabilities of third parties.

Market risk

Market risk is the possibility of fluctuations in the value of a financial instrument as a result of changes in market prices. Due to the fact that the Group holds a dominant position on the market, the risk of possible fluctuations in the value of a financial instrument as a result of changes in market prices is unlikely.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the shareholders of the Group, who created the necessary liquidity risk management framework for the management of the Group for managing liquidity requirements of short, medium and long-term financing. The Group manages liquidity risk by maintaining adequate reserves, banking loans and available credit lines, by continuously monitoring of forecasted and actual cash flows and comparing the maturity profiles of financial assets and liabilities.

38. Financial Instruments, Objectives and Financial Risk Management Policy (Continued)

Liquidity risk tables

The following tables reflect the contractual terms of the Group for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes cash flows both on interest and principal payments.

<i>In thousands of Kazakhstani Tenge</i>	Weighted average effective rate	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2020							
Trade and other payables		1,398,142	44	1,175	49,110	-	1,448,471
Trade payables to related parties		36,727	-	-	-	-	36,727
Lease liabilities	11.5%-15.4%	67,462	151,644	1,703,701	338,524	-	2,261,331
Borrowing	12.75%	60,554	223,214	609,089	3,590,031	1,492,886	5,975,74
		1,562,885	374,902	2,313,965	3,977,665	1,492,886	9,722,303

<i>In thousands of Kazakhstani Tenge</i>	Weighted average effective rate	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2019							
Trade and other payables	-	880,363	65,700	54,673	-	-	1,000,736
Trade payables to related parties	-	49,952	193,815	-	164	-	243,931
Finance lease liabilities	15.3%	71,552	167,005	644,016	3,737,788	346,973	4,967,334
		1,001,867	426,520	698,689	3,737,952	346,973	6,212,001

Fair value of financial instruments

Fair value measurements are analysed and classified 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.

38. Financial Instruments, Objectives and Financial Risk Management Policy (Continued)

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.

Financial assets carried at amortised cost

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 risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of financial assets of the Group carried at amortised cost approximate fair values due to their short-term maturities.

Financial liabilities carried at amortised cost

Fair value of financial liabilities is determined using appraisal methods. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities redeemable on demand or redeemable on prior notice ("liabilities redeemable on demand") is calculated as the amount payable on demand discounted starting from the first date of potential demand to repay the liability. Carrying amounts of financial liabilities of the Group carried at amortised cost approximate fair values due to their short-term maturities.

39 Events after the Reporting Period

On 25 January 2021, a tripartite Agreement on the transfer of obligations was concluded between National Company Kazakhstan Temir Zholy JSC, Kedentransservice JSC and Kaztemirtrans JSC on the acceptance by Kedentransservice JSC of the obligations from Kaztemirtrans JSC to repay obligations on the bonds, by replacement of the issuer for the bonds. The amount of the debt on the bonds is KZT 21,848,328 thousand. The bonds were provided on the following terms: interest is 9.25% per annum, the maturity date of the bonds is 15 November 2024.

On 25 January 2021, a listing agreement was concluded between Kedentransservice JSC and Astana International Exchange Limited (hereinafter - AIX) on the inclusion of the bonds of Kedentransservice JSC into the official list of securities, which is confirmed by issued Certificate No. 1278 on the assignment of international identifiers (ISIN KZX000000450).

On 27 January 2021, an act of acceptance and transfer of railcars was signed between Kaztemirtrans JSC and Kedentransservice JSC. As a result, Kaztemirtrans JSC transferred 3,803 fitting flat cars to repay the debt to Kedentransservice JSC, which was formed as a result of the transfer of obligations on the bonds.

On 27 January 2021, the board of directors of Kedentransservice JSC approved the conclusion of a pledge agreement for 300 units of fitting platforms between Kedentransservice JSC and SB Sberbank JSC under the credit facility agreement.

On 18 February 2021, acts of acceptance and transfer of property were signed on the basis of an agreement dated 26 January 2021 between Kedentransservice JSC and KTZ Express JSC. For the purpose of partial repayment of accounts receivable, KTZ Express JSC transfers into the ownership of Kedentransservice JSC transshipment points 4A and 4B at Dostyk station, as well as a container transshipment terminal at Altynkol station. The cost of the property, including VAT, is KZT 2,822,156 thousand.