

KazTransOil JSC

Interim condensed consolidated financial statements

For the three months ended 31 March 2021



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Report on review of interim financial information

Interim condensed consolidated financial statements

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Report on review of interim condensed consolidated financial statements

To the management and shareholders of KazTransOil JSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of KazTransOil JSC and its subsidiaries, which comprise the interim consolidated statement of financial position as at 31 March 2021 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of KazTransOil JSC and its subsidiaries is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP

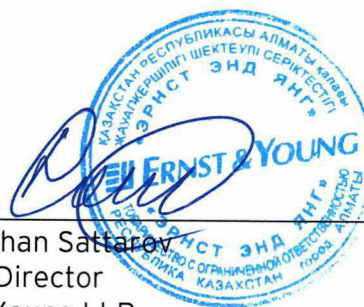


Adil Syzdykov
Auditor

Auditor Qualification Certificate
No. МФ - 0000172 dated 23 December 2013.

050660, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

27 May 2021



Rustamzhan Sattarov
General Director
Ernst & Young LLP

State Audit License for audit activities on the
territory of the Republic of Kazakhstan:
series МФЮ-2 No. 0000003 issued by the
Ministry of Finance of the Republic of
Kazakhstan on 15 July 2005

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of Tenge</i>	Note	31 March 2021 (unaudited)	31 December 2020 (audited)
Assets			
Non-current assets			
Property, plant and equipment	3	667,659,072	667,480,058
Right-of-use assets		2,165,931	2,547,819
Intangible assets		6,808,194	7,167,364
Investments in joint ventures	4	66,816,202	63,422,815
Advances to suppliers for property, plant and equipment		1,170,040	74,922
VAT recoverable		1,991,718	2,047,148
Other long-term accounts receivable	5	1,021,249	983,401
Bank deposits	7	2,718,277	3,569,402
Investments in bonds		1,019,794	913,746
Other non-current assets		102,769	90,917
		751,473,246	748,297,592
Current assets			
Inventories		8,667,717	8,234,956
Trade and other accounts receivable	5	5,003,795	4,266,802
Advances to suppliers		862,183	724,318
Prepayment for income tax		1,674,055	1,350,911
VAT recoverable and other prepaid taxes		6,188,483	8,014,017
Other current assets	6	5,386,563	8,285,445
Bank deposits	7	27,551,635	27,342,909
Cash and cash equivalents	8	57,070,969	52,014,612
		112,405,400	110,233,970
Non-current assets held for sale		591,489	630,839
		112,996,889	110,864,809
Total assets		864,470,135	859,162,401

The accounting policy and explanatory notes on pages 8 through 29 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of Tenge</i>	Note	31 March 2021 (unaudited)	31 December 2020 (audited)
Equity and liabilities			
Equity			
Share capital		61,937,567	61,937,567
Treasury shares repurchased from shareholders		(9,549)	(9,549)
Asset revaluation reserve	9	228,861,756	221,632,815
Foreign currency translation reserve	9	37,813,479	38,325,342
Other capital reserves		(5,999,468)	(5,999,468)
Retained earnings		356,942,552	336,631,554
Total equity		679,546,337	652,518,261
Non-current liabilities			
Employee benefit obligations		21,895,815	21,559,008
Deferred tax liabilities	21	64,688,612	62,221,923
Provision for asset retirement and land recultivation obligation	14	30,476,564	33,688,837
Deferred income	10	8,712,406	8,693,200
Lease liabilities		685,953	1,415,473
		126,459,350	127,578,441
Current liabilities			
Current part of employee benefit obligations		695,776	693,235
Income tax payable		1,025,260	1,057,326
Trade and other accounts payable	11	7,357,031	22,352,736
Advances received	12	18,217,251	20,815,865
Lease liabilities		1,618,791	1,994,823
Other taxes payable	13	5,808,516	5,418,739
Provisions	14	2,522,769	1,269,350
Other current liabilities	15	21,219,054	25,463,625
		58,464,448	79,065,699
Total liabilities		184,923,798	206,644,140
Total equity and liabilities		864,470,135	859,162,401
Book value per ordinary share (in Tenge)	9	1,749	1,678

Signed and approved for issue on 27 May 2021.

Acting General Director (Chairman of the Management Board)



Makhin Zh.T.

Chief Accountant



Sarmagambetova M.K.

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2021	2020
Revenue	16	58,315,946	56,808,433
Cost of sales	17	(37,693,973)	(37,699,296)
Gross profit		20,621,973	19,109,137
General and administrative expenses	18	(3,898,505)	(2,985,651)
Other operating income	19	1,540,642	1,483,329
Other operating expenses	19	(407,214)	(2,511,031)
Operating profit		17,856,896	15,095,784
Net foreign exchange income		479,310	9,768,677
Finance income	20	1,061,291	652,397
Finance costs	20	(1,113,017)	(956,435)
Share in income/(loss) of joint ventures	4	2,611,289	(6,050,330)
Profit before income tax		20,895,769	18,510,093
Income tax expense	21	(4,201,802)	(5,076,750)
Net profit for the period		16,693,967	13,433,343
Earnings per share (in Tenge)	9	43	35

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

In thousands of Tenge	Note	For the three months ended 31 March (unaudited)	
		2021	2020
Other comprehensive income/(loss)			
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</i>			
Exchange difference from translation of foreign operations of the Group		(511,863)	2,995,794
Total other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods		(511,863)	2,995,794
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</i>			
Revaluation and impairment of property, plant and equipment of the Group, net		9,498,900	(56,016,786)
Income tax effect	21	(1,899,780)	11,203,357
		7,599,120	(44,813,429)
Reversal/(charge) of provision for asset retirement and land recultivation obligation of the Group	14	3,080,942	(3,724,904)
Income tax effect	21	(616,188)	744,981
		2,464,754	(2,979,923)
Reversal/(charge) of provision for asset retirement and land recultivation obligation of the joint ventures		977,622	(1,526,061)
Income tax effect		(195,524)	305,212
	4	782,098	(1,220,849)
Total other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods, net		10,845,972	(49,014,201)
Total other comprehensive income/(loss) for the period, net of tax		10,334,109	(46,018,407)
Total comprehensive income/(loss) for the period, net of tax		27,028,076	(32,585,064)

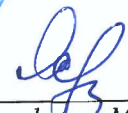
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Acting General Director (Chairman of the Management Board)



Makhin Zh.T.

Chief Accountant


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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2021	2020
Cash flows from operating activities			
Profit before income tax		20,895,769	18,510,093
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization	17, 18	13,092,742	13,712,494
Share in (income)/loss of joint ventures	4	(2,611,289)	6,050,330
Charge of short-term provisions	18, 19	1,233,784	446
Finance costs	20	1,113,017	956,435
Finance income	20	(1,061,291)	(652,397)
Revision of estimates on provision for asset retirement and land recultivation obligation	19	(682,872)	621,592
Unrealized foreign exchange income		(479,310)	(9,768,677)
Employee benefits obligations, current service costs	17, 18	255,364	177,942
Charge of expected credit losses, net	18	180,103	50,251
Amortisation of deferred income	19	(70,579)	(63,128)
Gain on disposal of non-current assets held for sale, net	19	(40,253)	(19,004)
Write-off of VAT recoverable	18, 19	28,401	1,846,926
Loss on disposal of property, plant and equipment, net	19	8,551	28,676
Others		(856)	(8,080)
Operating cash flows before working capital changes		31,861,281	31,443,899
(Increase)/decrease in operating assets			
Inventories		(848,271)	254,170
Trade and other accounts receivable		(876,939)	(1,146,367)
Advances to suppliers		(136,292)	35,962
VAT recoverable and other prepaid taxes		1,744,600	(1,325,751)
Other current assets		2,875,954	(211,912)
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		(3,691,805)	(2,798,018)
Advances received		(2,600,220)	3,281,603
Other taxes payable		507,123	1,609,039
Other current and non-current liabilities and employee benefit obligations		(4,449,220)	(4,142,956)
Cash generated from operating activities		24,386,211	26,999,669
Income taxes paid		(4,462,619)	(4,923,282)
Interest received		659,480	403,721
Net cash flows from operating activities		20,583,072	22,480,108

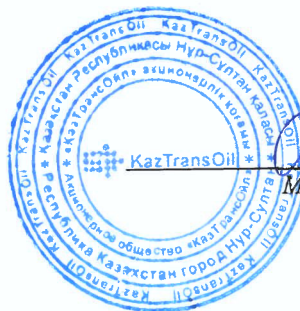
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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2021	2020
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(15,478,785)	(9,975,063)
Withdrawal of bank deposits		13,450,781	11,489,490
Placement of bank deposits		(12,593,100)	-
Proceeds from bonds redemption		132,854	37,958
Proceeds from disposal of property, plant and equipment and non-current assets held for sale		51,352	30,769
Net cash flows (used in)/received from investing activities		(14,436,898)	1,583,154
Cash flows from financing activities			
Payment of lease liabilities		(1,189,516)	(1,189,829)
Net cash flows used in financing activities		(1,189,516)	(1,189,829)
Net change in cash and cash equivalents		4,956,658	22,873,433
Net foreign exchange difference		98,889	3,996,186
Change in allowance for expected credit losses		810	(10,688)
Cash and cash equivalents at the beginning of the period		52,014,612	28,649,091
Cash and cash equivalents at the end of the period		57,070,969	55,508,022

Signed and approved for issue on 27 May 2021.

Acting General Director (Chairman of the Management Board)



Makhin Zh.T.

Chief Accountant

Sarmagambetova M.K.

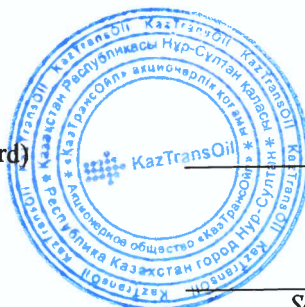
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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Foreign currency translation reserve	Other capital reserves	Retained earnings	Total
As at 31 December 2020 (audited)	61,937,567	(9,549)	221,632,815	38,325,342	(5,999,468)	336,631,554	652,518,261
Net profit for the period	-	-	-	-	-	16,693,967	16,693,967
Other comprehensive income/(loss)	-	-	10,845,972	(511,863)	-	-	10,334,109
Total comprehensive income/(loss) for the period	-	-	10,845,972	(511,863)	-	16,693,967	27,028,076
Amortization of revaluation reserve for revalued property, plant and equipment	-	-	(3,617,031)	-	-	3,617,031	-
As at 31 March 2021 (unaudited)	61,937,567	(9,549)	228,861,756	37,813,479	(5,999,468)	356,942,552	679,546,337
As at 31 December 2019 (audited)	61,937,567	(9,549)	299,585,499	37,737,309	(1,893,432)	305,621,572	702,978,966
Net profit for the period	-	-	-	-	-	13,433,343	13,433,343
Other comprehensive (loss)/income	-	-	(49,014,201)	2,995,794	-	-	(46,018,407)
Total comprehensive (loss)/income for the period	-	-	(49,014,201)	2,995,794	-	13,433,343	(32,585,064)
Amortization of revaluation reserve for revalued property, plant and equipment	-	-	(5,072,540)	-	-	5,072,540	-
As at 31 March 2020 (unaudited)	61,937,567	(9,549)	245,498,758	40,733,103	(1,893,432)	324,127,455	670,393,902

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Acting General Director (Chairman of the Management Board)



Makhin Zh.T.

Chief Accountant

Sarmagambetova M.K.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three months ended 31 March 2021****1. GENERAL INFORMATION**

On 2 May 2001, the Government of the Republic of Kazakhstan issued a resolution to create a new closed joint stock company National Company “Transportation of Oil and Gas” (hereinafter – “TNG”) owned by the Government. Based on that resolution, the Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan transferred the “KazTransOil” CJSC NOTC shares to TNG, and, as a result, “KazTransOil” CJSC NOTC was re-registered and renamed as “KazTransOil” CJSC.

Under Decree of the President of the Republic of Kazakhstan dated on 20 February 2002, on the basis of closed joint stock companies, National Oil and Gas Company “KazakhOil” and National Company “Transport of Oil and Gas”, reorganized by merger, the National Company “KazMunayGas” Closed Joint-Stock Company was created and became the sole shareholder of “KazTransOil” CJSC.

On 31 May 2004 in accordance with the requirements of Kazakhstani legislation, “KazTransOil” CJSC was re registered as “KazTransOil” JSC (hereinafter – “Company”).

As at 31 March 2021 10% of shares of the Company are owned by minority shareholders who acquired them within the “People’s IPO” program. The major shareholder of the Company, who owns the controlling interest of the Company (90%) is National Company “KazMunayGas” JSC (hereinafter “KMG” or “Parent Company”). 90% of KMG shares are owned by Sovereign Wealth Fund “Samruk-Kazyna” JSC (hereinafter – “Samruk-Kazyna”), controlled by the Government of the Republic of Kazakhstan. 10% of KMG shares are owned by the National Bank of the Republic of Kazakhstan.

As at 31 March 2021 and 31 December 2020 the Company had interest ownership in the following companies:

	Place of incorporation	Principal activities	Ownership	
			31 March 2021	31 December 2020
“MunaiTas” LLP (hereinafter – “MunaiTas”)	Kazakhstan	Oil transportation	51%	51%
“Kazakhstan-China Pipeline” LLP (hereinafter – “KCP”)	Kazakhstan	Oil transportation	50%	50%
“Batumi Oil Terminal” (hereinafter – “BOT”)*	Georgia	Forwarding, transshipment and storage of oil and oil products and operating of Batumi Sea Port	100%	100%
“Petrotrans Limited” (hereinafter – “PTL”)	United Arab Emirates	Forwarding of oil and oil products	100%	100%
“Main Waterline” LLP (hereinafter – “Main Waterline”)	Kazakhstan	Water transportation	100%	100%

* BOT has the exclusive right to manage 100% of the shares of “Batumi Sea Port” LLC (hereinafter – “BSP”).

The Company and its subsidiaries are hereinafter referred to as the “Group”.

The Company’s head office is located in Nur-Sultan, Kazakhstan, at 20 Turan Avenue.

The Company has production facilities, which are located in Mangystau, Atyrau, Western-Kazakhstan, Aktubinsk, Karaganda, Pavlodar, Turkestan, North – Kazakhstan regions of the Republic of Kazakhstan and in Shymkent, also the Company has branches, which are located in Almaty (Research and Development Centre) and in Nur-Sultan (Oil Transportation Control Centre) and representative offices in Russian Federation (Moscow, Omsk and Samara).

The Company is the national operator of the Republic of Kazakhstan on the main oil pipeline. The Group operates network of main oil pipelines of 5,372 km and water pipelines of 1,945 km. The company provides services on oil transportation via main pipelines, a transport expedition of Kazakhstani oil via pipeline networks of other states, services for the operation and maintenance of oil pipelines of other companies, including joint ventures of the Group. Group’s joint ventures MunaiTas and KCP own Kenkiyak-Atyrau, Kenkiyak-Kumkol, and Atasu-Alashankou pipelines mainly used for transportation of Kazakhstani crude oil, and also for transit of Russian oil to China.

The Company is a natural monopolist and, respectively, is subject to regulation of the Committee on Regulation of Natural Monopolies, Protection of Competition and Consumer rights of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – “CRNM”). CRNM is responsible for approving the methodology for calculating the tariff and tariff rates for oil transportation in domestic market of the Republic of Kazakhstan.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

According to the Law of the Republic of Kazakhstan *On Natural Monopolies* transit of crude oil through the pipelines on the territory of the Republic of Kazakhstan and export from the Republic of Kazakhstan are excluded from the regulation of natural monopolies.

Starting from 1 January 2021, the tariff for pumping oil on the domestic market is 4,355.57 Tenge per ton for 1,000 kilometers without VAT (from 1 January 2020 – 4,109.50 Tenge per ton for 1,000 kilometers without VAT).

Starting from 1 March 2020 tariff for pumping oil on export from the Republic of Kazakhstan equals to 7,358.76 Tenge per ton for 1,000 kilometers without VAT (starting from 1 April 2018 to 29 February 2020 – 6,398.92 Tenge per ton for 1,000 kilometers without VAT).

Tariff for pumping oil for transit through Kazakhstani part of main oil pipeline “Tuymazy – Omsk – Novosibirsk-2” starting from 1 April 2018 is 4,292.40 Tenge per ton for 1,000 kilometers.

Starting from 1 January 2019 tariff for transportation of Russian oil through the territory of Kazakhstan to the People’s Republic of China on the route border of Russian Federation-border of Republic of Kazakhstan (Priirtyshsk) – Atasu (Republic of Kazakhstan) – Alashankou (People’s Republic of China) is 4.23 US Dollars per ton (in Priirtyshsk – Atasu sector).

In general, tariff rates are based on the cost of capital return on operating assets. In accordance with the legislation of the Republic of Kazakhstan on regulation of natural monopolies, tariff rates cannot be lower than the expenditures required to provide services, and should provide for entity’s profitability at the level ensuring effective functioning of a natural monopoly.

These interim condensed consolidated financial statements were approved by internal audit committee of the Company’s Board of Directors and signed by the Acting General Director (Chairman of the Management Board) and the Chief Accountant on 27 May 2021.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared in accordance with International Financial Reporting Standards (hereafter – “IFRS”) IAS 34 *Interim Financial Reporting*.

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for property, plant and equipment which are stated at revalued amounts and other items described in the accounting policies and notes to these interim condensed consolidated financial statements.

Interim condensed consolidated financial statements do not include all information and disclosures required for annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

The interim condensed consolidated financial statements are presented in Tenge and all values are rounded to the nearest thousand, except for the book value of ordinary shares, earnings per share and when otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency of the Company, Main Waterline and the joint ventures MunaiTas and KCP is Tenge. Functional currency of PTL and BOT is US Dollar, functional currency of BSP is Georgian Lari.

New and amended standards and interpretations applied by the Group

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

New and amended standards and interpretations applied by the Group (continued)

Some amendments are applied for the first time in 2021. The nature and the impact of each new standard/amendment are described below:

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

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

The amendments include the following practical expedients:

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

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

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

Seasonality of operations

The Group's operating costs are subject to seasonal fluctuations, with higher expenses for materials and repair, maintenance and other services usually expected in the latter part of the year. These fluctuations are mainly due to the pipeline repairs that are performed mainly during the second half of the year. Purchase of inventory is mainly made in the first half of the year.

Foreign currency translation

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

Weighted average currency exchange rates for the three months ended 31 March 2021 and 2020 are as follows:

<i>Tenge</i>	For the three months ended 31 March	
	2021	2020
US Dollars	419.94	391.72
Russian Rubles	5.64	5.89
Euro	506.31	431.82
Georgian Lari	127.28	135.87

As at 31 March 2021 and 31 December 2020 the currency exchange rates of KASE are:

<i>Tenge</i>	31 March 2021	31 December 2020
US Dollars	424.89	420.91
Russian Rubles	5.62	5.62
Euro	498.31	516.79
Georgian Lari	124.6	128.92

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
Gross carrying amount as at									
31 December 2020 (audited)	25,675,555	255,382,248	22,716,444	94,724,034	177,842,763	100,345,811	10,463,016	53,235,624	740,385,495
Foreign currency translation	185,094	–	(52,249)	(187,701)	(90,444)	–	(1,243)	(2,680)	(149,223)
Additions	–	8,099	–	–	1,364	–	6,473	3,331,675	3,347,611
Disposals	–	(50,146)	–	(22,680)	(23,043)	–	(36,084)	–	(131,953)
Revaluation (through revaluation reserve)	–	–	–	–	–	9,499,034	–	–	9,499,034
Transfers from construction in progress	–	677,716	–	909,169	2,083,518	–	154,004	(3,824,407)	–
Gross carrying amount as at									
31 March 2021 (unaudited)	25,860,649	256,017,917	22,664,195	95,422,822	179,814,158	109,844,845	10,586,166	52,740,212	752,950,964
Accumulated depreciation and impairment as at									
31 December 2020 (audited)	–	(19,452,527)	(4,066,407)	(9,257,007)	(35,601,123)	–	(4,494,361)	(34,012)	(72,905,437)
Foreign currency translation	–	–	11,289	8,693	11,210	–	(26)	–	31,166
Depreciation charge	–	(3,691,949)	(761,329)	(1,769,161)	(5,777,934)	–	(529,336)	–	(12,529,709)
Disposals	–	43,903	–	19,577	16,891	–	31,885	–	112,256
Impairment (through profit and loss)	–	(34)	–	–	–	–	–	–	(34)
Impairment (through revaluation reserve)	–	(134)	–	–	–	–	–	–	(134)
Accumulated depreciation and impairment as at									
31 March 2021 (unaudited)	–	(23,100,741)	(4,816,447)	(10,997,898)	(41,350,956)	–	(4,991,838)	(34,012)	(85,291,892)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. PROPERTY, PLANT AND EQUIPMENT (continued)**

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
As at 31 March 2021 (unaudited)									
Gross carrying amount	25,860,649	256,017,917	22,664,195	95,422,822	179,814,158	109,844,845	10,586,166	52,740,212	752,950,964
Accumulated depreciation and impairment	–	(23,100,741)	(4,816,447)	(10,997,898)	(41,350,956)	–	(4,991,838)	(34,012)	(85,291,892)
Net book value	25,860,649	232,917,176	17,847,748	84,424,924	138,463,202	109,844,845	5,594,328	52,706,200	667,659,072
As at 31 December 2020 (audited)									
Gross carrying amount	25,675,555	255,382,248	22,716,444	94,724,034	177,842,763	100,345,811	10,463,016	53,235,624	740,385,495
Accumulated depreciation and impairment	–	(19,452,527)	(4,066,407)	(9,257,007)	(35,601,123)	–	(4,494,361)	(34,012)	(72,905,437)
Net book value	25,675,555	235,929,721	18,650,037	85,467,027	142,241,640	100,345,811	5,968,655	53,201,612	667,480,058

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 March 2021 construction in progress mainly includes the following production facilities:

- Replacement of the pipeline sections of the Uzen – Atyrau – Samara main oil pipeline;
- Replacement, reconstruction and construction of the objects of main oil pipeline (pumping stations, communication lines, automation system and other).

As at 31 March 2021:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated property, plant and equipment still in use were 2,955,442 thousand Tenge (as at 31 December 2020: 3,537,132 thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 3,983,165 thousand Tenge (as at 31 December 2020: 3,667,280 thousand Tenge), which were acquired for construction works.

Depreciation for three months ended 31 March 2021, included in the cost of construction in progress amounted to 3,464 thousand Tenge (for three months ended 31 March 2020: 6,620 thousand Tenge).

Due to significant changes in the oil price on domestic market, the fair value of the Group's technological oil as at 31 March 2021 was increased for the amount of 9,499,034 thousand Tenge. Oil price as at 31 March 2021 was 41,965 Tenge per ton (as at 31 December 2020: 38,336 Tenge per ton), the volume of oil in pipelines, included in property, plant, and equipment, amounted 2,618 thousand tons (as at 31 December 2020: 2,618 thousand tons).

4. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Investments in MunaiTas	27,011,761	26,514,437
Investments in KCP	39,804,441	36,908,378
Total	66,816,202	63,422,815

Changes in investments in joint ventures for the reporting period are presented as follows:

<i>In thousands of Tenge</i>	Total
As at 31 December 2020 (audited)	63,422,815
Share in income of joint ventures	2,611,289
Share in other comprehensive income of joint ventures	782,098
As at 31 March 2021 (unaudited)	66,816,202

The Company's share in comprehensive income/(loss) of joint ventures for the three months periods ended 31 March 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Share in income/(loss) of joint ventures		
KCP	2,205,112	(6,413,458)
MunaiTas	406,177	363,128
Total share in income/(loss) of joint ventures	2,611,289	(6,050,330)
Share in other comprehensive income/(loss) of joint ventures		
KCP	690,951	(1,015,127)
MunaiTas	91,147	(205,722)
Total share in other comprehensive income/(loss) of joint ventures	782,098	(1,220,849)
Total share in comprehensive income/(loss) of joint ventures	3,393,387	(7,271,179)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. TRADE AND OTHER ACCOUNTS RECEIVABLE

Other long-term accounts receivable as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Other accounts receivable from third parties	1,184,444	1,146,596
Less: allowance for expected credit losses	(163,195)	(163,195)
Total	1,021,249	983,401

Short-term trade and other accounts receivable as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Trade accounts receivable from third parties	6,963,518	6,871,092
Trade accounts receivable from related parties (Note 23)	2,781,858	1,966,138
Other accounts receivable from third parties	707,236	701,529
Other accounts receivable from related parties (Note 23)	509	509
Less: allowance for expected credit losses	(5,449,326)	(5,272,466)
Total	5,003,795	4,266,802

Trade and other accounts receivable as at 31 March 2021 and 31 December 2020 are denominated in the following currencies:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Tenge	4,200,845	3,666,155
US Dollars	790,721	591,799
Russian Ruble	6,281	2,113
Other currency	5,948	6,735
Total	5,003,795	4,266,802

6. OTHER CURRENT ASSETS

Other current assets as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Due for oil transportation coordination services	5,090,261	8,150,231
Prepaid insurance	210,875	70,638
Due from employees	41,767	15,504
Deferred expenses	25,723	31,183
Other	17,937	17,889
Total	5,386,563	8,285,445

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. BANK DEPOSITS

Bank deposits as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Short-term bank deposits – US Dollar	27,617,850	27,359,150
Long-term bank deposits – Tenge	2,730,713	3,588,695
Accrued interest on deposits – US Dollar	36,245	34,824
Accrued interest on deposits – Tenge	32,869	35,293
Less: allowance for expected credit losses	(147,765)	(105,651)
Total	30,269,912	30,912,311

In accordance with the maturity, bank deposits as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Short-term bank deposits with maturity under 1 year	27,551,635	27,342,909
Long-term bank deposits with maturity over 1 year	2,718,277	3,569,402
Total	30,269,912	30,912,311

As at 31 March 2021 bank deposits comprised the following:

- US Dollar denominated short-term deposits with maturity from 3 to 12 months, with interest from 0.3% to 0.55% per annum (as at 31 December 2020: from 0.5% to 0.55% per annum), maturing from April to June 2021 (as at 31 December 2020: maturing from January to June 2021);
- Restricted long-term bank deposits with interest from 2% to 3.5% per annum maturing in 2028 and in 2030, respectively (as at 31 December 2020: from 2% to 3.5% per annum maturing in 2028 and in 2030, respectively), arranged for the purpose of preferential lending rates for the Company's employees for the purchase of residential property.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Time deposits with banks – Tenge	33,378,740	34,440,034
Current accounts with banks – Tenge	11,935,813	10,948,018
Current accounts with banks – US Dollars	10,465,963	6,263,193
Current accounts with banks – Russian Ruble	679,454	26,260
Current accounts with banks – Lari	608,442	326,205
Current accounts with banks – Euro	850	8,839
Other current accounts with banks	24,085	25,639
Cash on hand	645	257
Allowance for expected credit losses	(23,023)	(23,833)
Total	57,070,969	52,014,612

As at 31 March 2021:

- Current accounts and time deposits with maturity less than 3 months placed in Tenge, interest was accrued at rates from 6.75% to 8.35% per annum (as at 31 December 2020: from 6.50% to 8.40% per annum);
- Interest for current accounts and time deposits with maturity less than 3 months placed in US Dollars ranged from 0.25% to 3% per annum (as at 31 December 2020: from 0.25% to 4% per annum).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. EQUITY

Asset revaluation reserve

As at 31 March 2021 asset revaluation reserve was equal to 228,861,756 thousand Tenge (as at 31 December 2020: 221,632,815 thousand Tenge). The change in Group's revaluation reserve for property, plant and equipment for the three months ended 31 March 2021 is mainly due to revaluation of the technological oil of the Group (*Note 3*), revision of estimates of provision for asset retirement and land recultivation obligation and the depreciation of this reserve.

Foreign currency translation reserve

As at 31 March 2021 foreign currency translation reserve was equal to 37,813,479 thousand Tenge (as at 31 December 2020: 38,325,342 thousand Tenge). Change in this reserve is due to the translation of the statements of foreign subsidiaries as a result of changes in foreign exchange rates.

Earnings per share

Basic and diluted earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the Parent of the Group by the weighted average number of ordinary shares outstanding during the period.

Since the Company, as the Parent of the Group, does not issue convertible financial instruments, basic earnings per share of the Group are equal to diluted earnings per share.

The following reflects the net profit and share data used in the basic earnings per share computations.

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Net profit for the period attributable to ordinary equity holders of the Parent of the Group	16,693,967	13,433,343
Weighted average number of ordinary shares for basic earnings per share	384,628,099	384,628,099
Basic earnings per share, in relation to profit for the period attributable to ordinary equity holders of the Company, as a Parent of the Group (in Tenge)	43	35

Book value per ordinary share

Book value per the ordinary share of the Company, calculated in accordance with requirements of KASE for the Parent of the Group is as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Total assets	864,470,135	859,162,401
Less: intangible assets	(6,808,194)	(7,167,364)
Less: total liabilities	(184,923,798)	(206,644,140)
Net assets for calculation of book value per ordinary share	672,738,143	645,350,897
Number of ordinary shares	384,628,099	384,628,099
Book value per ordinary share (in Tenge)	1,749	1,678

10. DEFERRED INCOME

As at 31 March 2021 deferred income represents the liability of the Group in the amount of 8,712,406 thousand Tenge (as at 31 December 2020: 8,693,200 thousand Tenge), ensuring the provision of individual BSP assets for long-term lease to a counterparty.

The change in the amount of these liabilities as at 31 March 2021 is due to change currency exchange rates at the reporting date and amortization of liabilities for the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Accounts payable to third parties for goods and services	5,902,884	20,148,254
Accounts payable to related parties for goods and services (Note 23)	900,924	1,607,708
Other accounts payable to third parties	553,223	596,774
Total	7,357,031	22,352,736

As at 31 March 2021 trade and other accounts payable included payables to related and third parties, related to the construction-in-progress in the amount of 1,441,579 thousand Tenge (as at 31 December 2020: 14,387,429 thousand Tenge).

Trade and other accounts payable as at 31 March 2021 and 31 December 2020 are denominated in the following currencies:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Tenge	6,610,734	21,732,754
US Dollars	330,843	276,413
Russian Roubles	9,683	5,156
Euro	850	2,525
Other currency	404,921	335,888
Total	7,357,031	22,352,736

12. ADVANCES RECEIVED

Other taxes payable as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Advances received from related parties (Note 23)	10,861,377	13,151,992
Advances received from third parties	7,355,874	7,663,873
Total	18,217,251	20,815,865

13. OTHER TAXES PAYABLE

Other taxes payable as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Personal income tax	3,393,284	3,134,337
Withholding tax at the source of payment to non-residents	1,012,938	1,037,543
Social tax	884,316	725,436
Property tax	129,665	123,686
VAT payable	6,232	24,986
Other taxes	382,081	372,751
Total	5,808,516	5,418,739

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. PROVISIONS

Movements in provisions for the three months ended 31 March 2021 and 2020 are as follows:

Short-term provisions

<i>In thousands of Tenge</i>	Tax provisions (BOT)	Provision on compensating tariff (Company)	Other provisions	Total
As at 31 December 2020 (audited)	432,695	307	836,348	1,269,350
Charge for the period, net (<i>Notes 18, 19</i>)	847,019	–	386,765	1,233,784
Used in the reporting period	–	(110)	–	(110)
Foreign currency translation	7,278	–	12,467	19,745
As at 31 March 2021 (unaudited)	1,286,992	197	1,235,580	2,522,769
As at 31 December 2019 (audited)	179,052	2,972	124,529	306,553
Charge for the period (<i>Note 18</i>)	–	–	446	446
Used in the reporting period	–	(143)	–	(143)
Foreign currency translation	4,045	–	14,188	18,233
As at 31 March 2020 (unaudited)	183,097	2,829	139,163	325,089

Long-term provisions

Asset retirement and land recultivation obligation

The movement of provision for asset retirement and land recultivation obligation for the three months ended 31 March 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	2021	2020
As at 1 January (audited)	33,688,837	27,780,887
Charge for the period through asset	–	233,363
Revision of estimates through other comprehensive income	(3,080,942)	3,724,904
Revision of estimates through profit and loss (<i>Note 19</i>)	(654,673)	642,144
Unwinding of discount on asset retirement and land recultivation obligation (<i>Note 20</i>)	551,541	504,336
Reversal through profit and loss (<i>Note 19</i>)	(28,199)	(20,552)
As at 31 March (unaudited)	30,476,564	32,865,082

As at 31 March 2021 the Group revised the long-term provisions considering current best estimate, which was based on the discount rate of 7.56% (as at 31 December 2020: 6.71%). As at 31 March 2021 the inflation rate was 5.60% (as at 31 December 2020: 5.54%).

15. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 March 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	31 March 2021 (unaudited)	31 December 2020 (audited)
Accounts payable for oil transportation coordination services to related parties (<i>Note 23</i>)	7,746,140	7,701,845
Salaries and other compensations	7,043,679	10,893,589
Accounts payable for oil transportation coordination services to third parties	4,364,981	4,878,213
Accounts payable to pension fund	1,154,512	952,276
Current portion of deferred income from third parties	660,148	654,336
Other accruals	249,594	383,366
Total	21,219,054	25,463,625

Salaries and other compensations include current salary payable, vacation payments payable and remunerations based on the year results. The decrease in this liabilities in the reporting period is due to the payment of remuneration for the year results in the reporting period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**16. REVENUE**

Revenue for the three months ended 31 March 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For three months ended 31 March 2021 (unaudited)				
	Oil transportation and related services	Oil transshipment	Water transportation	Others	Total for segments
Crude oil transportation	47,738,845	–	–	–	47,738,845
Pipeline operation and maintenance services	4,330,746	–	–	–	4,330,746
Oil, oil-products and gas transshipment and railway shipment	–	1,915,347	–	–	1,915,347
Water transportation	–	–	1,662,053	–	1,662,053
Seaport services	–	–	–	1,502,965	1,502,965
Fees for undelivered oil volumes	643,360	–	–	–	643,360
Oil transportation coordination services	153,739	–	–	–	153,739
Oil storage services	20,354	–	–	–	20,354
Other	17,587	–	457	330,493	348,537
Total for segments	52,904,631	1,915,347	1,662,510	1,833,458	58,315,946
Geographic regions of customers					
Kazakhstan	46,695,162	891,953	1,662,510	–	49,249,625
Russia	6,209,469	–	–	–	6,209,469
Georgia	–	1,004,497	–	1,833,458	2,837,955
Others	–	18,897	–	–	18,897
Total revenue under contracts with customers	52,904,631	1,915,347	1,662,510	1,833,458	58,315,946
Timing of revenue recognition					
At a point in time	48,573,885	1,915,347	1,662,510	1,833,458	53,985,200
Over time	4,330,746	–	–	–	4,330,746
Total revenue under contracts with customers	52,904,631	1,915,347	1,662,510	1,833,458	58,315,946

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**16. REVENUE (continued)**

<i>In thousands of Tenge</i>	For three months ended 31 March 2020 (unaudited)				
	Oil transportation and related services	Oil transshipment	Water transportation	Others	Total for segments
Crude oil transportation	46,777,016	–	–	–	46,777,016
Pipeline operation and maintenance services	4,021,846	–	–	–	4,021,846
Water transportation	–	–	1,799,711	–	1,799,711
Seaport services	–	–	–	1,384,338	1,384,338
Oil, oil-products and gas transshipment and railway shipment	–	1,351,042	–	–	1,351,042
Fees for undelivered oil volumes	1,113,840	–	–	–	1,113,840
Oil transportation coordination services	160,623	–	–	–	160,623
Oil storage services	14,298	–	–	–	14,298
Other	15,682	–	422	169,615	185,719
Total for segments	52,103,305	1,351,042	1,800,133	1,553,953	56,808,433
Geographic regions of customers					
Kazakhstan	46,218,320	895,864	1,800,133	–	48,914,317
Russia	5,884,985	–	–	–	5,884,985
Georgia	–	368,217	–	1,553,953	1,922,170
Others	–	86,961	–	–	86,961
Total revenue under contracts with customers	52,103,305	1,351,042	1,800,133	1,553,953	56,808,433
Timing of revenue recognition					
At a point in time	48,081,459	1,351,042	1,800,133	1,553,953	52,786,587
Over time	4,021,846	–	–	–	4,021,846
Total revenue under contracts with customers	52,103,305	1,351,042	1,800,133	1,553,953	56,808,433

For the three months ended 31 March 2021 the revenue from the three major customers amounted to 12,246,519 thousand Tenge, 7,746,763 thousand Tenge and 3,016,589 thousand Tenge (for the three months ended 31 March 2020: 12,818,993 thousand Tenge, 7,603,528 thousand Tenge and 3,091,766 thousand Tenge, respectively).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. COST OF SALES

Cost of sales for the three months ended 31 March 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Personnel cost	13,215,598	13,060,263
Depreciation and amortization	12,711,001	13,302,356
Taxes other than income tax	2,094,575	2,373,564
Electric energy	1,948,427	1,740,749
Security services	1,472,494	1,425,436
Repair and maintenance	1,390,393	1,301,267
Materials and fuel	1,284,064	1,254,028
Gas expense	1,109,966	972,691
Railway services	657,206	695,303
Food and accommodation	534,372	478,378
Post-employment benefits	242,638	169,893
Outstaffing services	135,464	83,500
Insurance	132,861	162,233
Business trip expenses	118,538	160,894
Communication services	95,472	89,455
Environmental protection	51,786	70,620
Other	499,118	358,666
Total	37,693,973	37,699,296

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months ended 31 March 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Personnel costs	1,831,030	1,810,344
Charge of short-term provisions (Note 14)	847,019	446
Depreciation and amortization	381,741	410,138
Charge of allowance for expected credit losses, net	180,103	50,251
Office maintenance	144,212	147,170
Taxes other than income tax	81,370	64,380
Repair and maintenance	63,299	65,669
Outstaffing services	51,428	49,132
Information services	33,262	33,494
Write-off of VAT recoverable	28,401	23,223
Communication services	26,229	27,880
Business trip expenses	21,954	43,296
Consulting services	21,636	28,378
Bank costs	17,925	17,947
Post-employment benefits	12,726	8,049
Insurance and security	8,754	9,124
Materials and fuel	8,669	25,099
Charity expenses	-	8,618
Other	138,747	163,013
Total	3,898,505	2,985,651

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. OTHER OPERATING INCOME AND EXPENSES

Other operating income for the three months ended 31 March 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Income from revision of estimates and reversal of provision on asset retirement and land recultivation obligation, net (<i>Note 14</i>)	682,872	–
Income from inventory surplus	660,986	–
Income from fines and penalties	77,418	1,387,103
Amortization of deferred revenue	70,579	63,128
Income from sale of non-current assets held for sale, net	40,253	19,004
Income from disposal of inventories, net	4,761	8,640
Other income	3,773	5,454
Total	1,540,642	1,483,329

Other operating expenses for the three months ended 31 March 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Charge of short-term provisions (<i>Note 14</i>)	386,765	–
Loss on disposal of property, plant and equipment, net	8,551	28,676
Loss on write-off of VAT	–	1,823,703
Revision of estimates on provision on asset retirement and land recultivation obligation, net (<i>Note 14</i>)	–	621,592
Other expenses	11,898	37,060
Total	407,214	2,511,031

20. FINANCE INCOME AND EXPENSES

Finance income for the three months ended 31 March 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Interest income on bank deposits and current accounts	768,668	473,083
Income from revision the fair value of bonds	238,902	89,110
Unwinding of discount on long-term receivables	49,362	48,801
Reversal of provision for expected credit losses of cash and cash equivalents, bank deposits, net	–	37,629
Other finance income	4,359	3,774
Total	1,061,291	652,397

Finance expenses for the three months ended 31 March 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Unwinding of discount on asset retirement and land recultivation obligation (<i>Note 14</i>)	551,541	504,336
Interest cost on employee benefit obligations	291,712	295,701
Unwinding of discount on lease liabilities	83,964	156,398
Charge of provision for expected credit losses of cash and cash equivalents, bank deposits, net	41,382	–
Other finance expenses	144,418	–
Total	1,113,017	956,435

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. INCOME TAX EXPENSE

Income tax expenses for the three months ended 31 March 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Current income tax expense	4,038,688	5,736,254
Adjustments of the past periods	212,405	69,953
Deferred income tax benefits	(49,291)	(729,457)
Income tax expense	4,201,802	5,076,750

Movement in deferred tax liabilities for the three months ended 31 March 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	2021	2020
As at January 1 (audited)	62,221,923	80,564,703
Charged to other comprehensive income	2,515,968	(11,948,338)
Charged to profit and loss	(49,291)	(729,457)
Foreign currency translation	12	126
As at 31 March (unaudited)	64,688,612	67,887,034

22. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its services and has four reportable segments, as follows:

- Oil transportation and related services;
- Oil transshipment;
- Water transportation;
- Other segments.

Segments that are identified, but do not separately exceed quantitative limits (amount of separate segment revenue comprises less than 10% of combined revenue) are combined in “Other segments”. Such services include transshipment of dry cargo (sugar-airbrick, ammonium nitrate, cement, grain, sunflower and oil cake) in BSP with operation of dry-cargo, ferry and container terminals, and also passenger terminal services.

Oil transportation and related services provided by the Company, which do not exceed quantitative limits and are intimately connected with the Group’s main operating activities, or with main asset of the Group – pipelines, such as: oil storage, expedition services, services on support and maintenance of pipelines, are included into service related to oil transportation. Separate management report is not provided to the Management of the Group on some types of these services and accordingly they cannot be identified as separate segments.

Services on transshipment of oil, oil-products and gas through BSP with operation of BOT are included in “Oil transshipment” segment. Revenue from oil terminal is generated through storage, transshipment of oil, oil-products and gas and expedition. Expedition services rendered by PTL, represent transshipment of oil, oil-products and gas services through railway from Azerbaijanian-Georgian border to oil terminal in Batumi. This type of activity is directly related to oil transshipment, and therefore is not shown as a separate segment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**22. SEGMENT INFORMATION (continued)**

Management of the Group analyses its operating segments by segment profit. The following tables present information on revenue, profit or loss for the three month periods ended 31 March 2021 and 2020, assets and liabilities for the segments of the Group as at 31 March 2021 and 31 December 2020, respectively

	For the three months ended 31 March 2021 (unaudited)						For the three months ended 31 March 2020 (unaudited)					
	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
Revenue												
External customers	52,904,631	1,915,347	1,662,510	1,833,458	–	58,315,946	52,103,305	1,351,042	1,800,133	1,553,953	–	56,808,433
Intersegmental	214,799	–	22,073	–	(236,872)	–	191,775	–	21,466	–	(213,241)	–
Total revenue	53,119,430	1,915,347	1,684,583	1,833,458	(236,872)	58,315,946	52,295,080	1,351,042	1,821,599	1,553,953	(213,241)	56,808,433
Financial results												
Depreciation and amortization	(11,566,589)	(198,632)	(1,076,817)	(250,704)	–	(13,092,742)	(12,338,556)	(202,127)	(932,079)	(239,732)	–	(13,712,494)
Interest income	542,654	5,879	193,679	26,456	–	768,668	376,378	14,885	47,348	34,472	–	473,083
Share in income/(loss) of joint ventures	2,611,289	–	–	–	–	2,611,289	(6,050,330)	–	–	–	–	(6,050,330)
Income tax (expense)/benefits	(4,343,572)	–	151,517	(19,317)	9,570	(4,201,802)	(5,157,294)	–	87,749	–	(7,205)	(5,076,750)
Segment profit for the period	17,031,079	(592,537)	(588,186)	871,586	(27,975)	16,693,967	13,637,487	(427,367)	(469,349)	801,460	(108,888)	13,433,343
	As at 31 March 2021 (unaudited)						As at 31 December 2020 (unaudited)					
	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
Other disclosures												
Total assets	823,091,826	39,202,901	59,441,770	16,712,623	(73,978,985)	864,470,135	817,286,113	38,864,304	59,337,371	16,914,690	(73,240,077)	859,162,401
Total liabilities	166,658,301	8,654,584	1,082,952	11,175,245	(2,647,284)	184,923,798	188,729,640	8,339,490	1,586,193	11,120,863	(3,132,046)	206,644,140
Investments in joint ventures (Note 4)	66,816,202	–	–	–	–	66,816,202	63,422,815	–	–	–	–	63,422,815
Capital expenditures	3,269,173	18,477	39,342	20,997	(378)	3,347,611	47,033,059	1,088,228	1,031,386	709,084	(115,009)	49,746,748
Property, plant and equipment	3,269,173	18,477	39,342	20,997	(378)	3,347,611	47,027,731	1,076,238	1,019,470	702,469	(114,810)	49,711,098
Intangible assets	–	–	–	–	–	–	5,328	11,990	11,916	6,615	(199)	35,650

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS

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

Related party transactions were made on agreed terms between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

The following tables provide the total amount of transactions, which have been entered into with related parties during three months ended 31 March 2021 and 2020 and the related balances as at 31 March 2021 and 31 December 2020:

Trade and other accounts receivables from related parties are as follows:

<i>In thousands of Tenge</i>	Note	31 March 2021 (unaudited)	31 December 2020 (audited)
Trade and other accounts receivable from related parties			
Trade accounts receivable from joint ventures of the Company		958,708	969,932
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		918,901	460,816
Trade accounts receivable from entities under common control of KMG		904,249	535,390
Total trade accounts receivable from related parties	5	2,781,858	1,966,138
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna Group		509	509
Total other accounts receivable from related parties	5	509	509
Less: allowance for expected credit losses		(6,366)	(5,055)
Total trade and other accounts receivable from related parties		2,776,001	1,961,592

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>		31 March 2021 (unaudited)	31 December 2020 (audited)
Advances paid to related parties			
Advances paid to entities under common control of Samruk-Kazyna Group		185,240	1,104
Advances paid to entities under common control of KMG		156,180	394,336
Total advances paid to related parties		341,420	395,440

Trade and other accounts payable to related parties are as follows:

<i>In thousands of Tenge</i>	Note	31 March 2021 (unaudited)	31 December 2020 (audited)
Trade accounts payable to related parties for goods and services			
Trade accounts payable to entities under common control of KMG		695,432	507,202
Trade accounts payable to entities under common control of Samruk-Kazyna Group		197,682	1,087,746
Trade accounts payable to joint ventures		7,810	12,760
Total trade accounts payable to related parties for goods and services	11	900,924	1,607,708

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS (continued)

Advances received from related parties are as follows:

<i>In thousands of Tenge</i>	Note	31 March 2021 (unaudited)	31 December 2020 (audited)
Advances received from related parties			
Advances from entities under common control of KMG		10,604,768	12,896,046
Advances from entities under common control of Samruk-Kazyna Group		256,609	255,946
Total advances received from related parties	12	10,861,377	13,151,992

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	Note	31 March 2021 (unaudited)	31 December 2020 (audited)
Accounts payable for oil transportation coordination services to related parties			
Accounts payable for oil transportation coordination services to entities under common control of KMG		7,746,140	7,701,845
Total accounts payable for oil transportation coordination services to related parties	15	7,746,140	7,701,845
Employee benefits obligation of key management personnel			
Employee benefits obligation of key management personnel		38,475	62,412
Total employee benefits obligation of key management personnel		38,475	62,412
Total other current liabilities to related parties		7,784,615	7,764,257

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

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Sales to related parties		
Revenue from main activities with entities under common control of KMG	30,087,188	30,966,226
Revenue from main activities with joint ventures of the Company	2,568,357	2,358,402
Revenue from main activities with entities under common control of Samruk-Kazyna Group	1,928,595	1,787,382
Revenue from other activities with entities under common control of KMG	-	64,132
Revenue from other activities with entities under common control of Samruk-Kazyna Group	159	19,116
Total	34,584,299	35,195,258

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS (continued)

Revenue from main activities with entities under common control of KMG is related to the services of oil and water transportation.

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2021	2020
Purchases from related parties		
Purchases of services from entities under common control of KMG	1,600,207	1,523,704
Purchases of services from entities under common control of Samruk-Kazyna Group	470,537	–
Purchases of inventory from entities under common control of Samruk-Kazyna Group	100	–
Purchases of inventory from entities under common control of KMG	41	460,678
Purchases of property, plant and equipment and intangible assets from entities under common control of Samruk-Kazyna Group	–	406,697
Total	2,070,885	2,391,079

Total accrued compensation to key management personnel for the three months ended 31 March 2021 amounts to 85,237 thousand Tenge (for the three months ended 31 March 2020: 91,307 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal regulations.

24. CONTINGENT LIABILITIES AND COMMITMENTS

Information on contingent liabilities and commitments of the Group is disclosed in the consolidated financial statements for the year ended 31 December 2020. During three months ended 31 March 2021 there were no significant changes, except for the following:

Contractual commitments to acquire property, plant and equipment

As at 31 March 2021, the Group had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 37,394,227 thousand Tenge (as at 31 December 2020: 42,183,935 thousand Tenge).

Share of the Group as at 31 March 2021 in contractual obligations of joint ventures to acquire property, plant and equipment, and construction services amounted to 2,572,885 thousand Tenge (as at 31 December 2020: 2,901,809 thousand Tenge).

Investment program commitments of the Company

In November 2020, by a joint order of the Ministry of Energy of the Republic of Kazakhstan and the CRNM, an investment program for 2021-2025 was approved, according to which the Company has the obligation to fulfill from 2021 to 2025 in the amount of 214 billion Tenge. As at 31 March 2021 the balance of obligation under the investment program to be fulfilled was 212.6 billion Tenge.

Investment program commitments of joint venture

In accordance with the order of the Head of the Department of the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for Almaty (hereinafter – “DCRNM”) dated 27 August 2020 (hereinafter – “Order”), from 1 October 2020 to 30 September 2022, the temporary compensating tariffs were approved to the KCP service for pumping oil. The basis for the approval of the temporary compensating tariffs was the non-performance of measures of the investment program of the KCP for 2015-2019. The amount of compensation (unjustified income) according to the DCRNM's calculations amounted to 29 billion Tenge (the Company's share is 14.5 billion Tenge).

The non-performance of measures of the investment program by KCP is due to a shortage of funds associated with a decrease in the volume of oil transportation to the domestic market and a change in the exchange rate of the national currency against the US Dollar during the period of the specified investment program, which led to an increase in the financial burden for servicing the KCP foreign currency loan.

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

24. CONTINGENT LIABILITIES AND COMMITMENTS (continued)**Investment program commitments of joint venture (continued)**

On 18 September 2020 the KCP submitted an application (complaint) to the CRNM to cancel the Order. By the letter of the CRNM dated 5 November 2020 the application (complaint) of KCP was denied. On 5 November 2020 the KCP submitted an application for challenging the order of the DCRNM to the Specialized interdistrict economic court of Almaty city (hereinafter – “SIEC”). According to the decision of SIEC dated 23 December 2020 the Order was declared illegal. On 26 January 2021 the DCRNM filed an application to appeal against the decision of the SIEC to the Almaty city court. According to the ruling of the Almaty city court dated 25 March 2021 (hereinafter – “Ruling”), the decision of the SIEC remained unchanged, the appeal of DCRNM was dismissed. To execute the Ruling, DCRNM canceled the Order by the order dated 23 April 2021. However, the Ruling can be appealed in cassation within six months from the date of their entry into legal force by filing a petition by DCRNM to the judicial collegium for civil cases of the Supreme Court of the Republic of Kazakhstan.

The limitation on the disposition of the property of BOT

On 3 February 2021 BOT received a notification from the Audit Department of the Revenue Service of the Ministry of Finance of Georgia (hereinafter – “Revenue Service of Georgia”) regarding the start of the inspection of BOT’s activities. In the result of the inspection, a violation of customs clearance procedures on transshipment of oil products was revealed. In accordance with the protocols and requirements of the Customs Department of the Revenue Service of Georgia dated 5 February 2021, fines and taxes were imposed on BOT in the amount of 4 million Lari (equivalent to 498 million Tenge). The Group accrued a provision on the amount of taxes and penalties in the consolidated financial statements for 2020. On 4 March 2021, the acts of tax offense and tax claims were appealed to the Revenue Service of Georgia. On 31 March 2021, the Revenue Service of Georgia rejected the complaint of BOT dated 4 March 2021. On 16 April 2021 BOT appealed to the Dispute Resolution Council of the Ministry of Finance of Georgia against the decision of the Revenue Service of Georgia dated 31 March 2021 on the rejection of the complaint of BOT.

In connection with the imposed taxes and fines, the notification of the Revenue Service of Georgia dated 9 February 2021 a tax lien/mortgage right arose on all types of BOT property.

At the same time, on 15 March 2021 BOT received the ruling from Tbilisi city court dated 3 March 2021, according to which due to the measures taken by the investigative bodies of the Ministry of Finance of Georgia on the violation of customs procedures related to the movement of goods across the customs border of Georgia, pending the completion of the investigation, an arrest was imposed on movable and immovable property of BOT with a book value of 48,374 thousand US Dollars (equivalent to 20,554 million Tenge). This arrest implies a ban on the disposition of the BOT property, while the right to use this property is not limited. On 17 March 2021 BOT appealed against the court ruling on the arrest of the BOT property.

On 1 April 2021, according to the ruling of Tbilisi court of appeal, the complaint of BOT against the decision of Tbilisi city court on the arrest of the property of the BOT was rejected.

As at the current date, the audit of BOT activities by the state bodies of Georgia has not been completed.

Claim of business counterparty to BOT

On 5 February 2021 BOT received a claim from one of the business counterparties on compensation of unearned revenue for the amount 12.5 million US Dollars (equivalent to 5,311 million Tenge), as well as establishing fixed tariffs for transshipment, without the right to change them unilaterally. Earlier, in 2014 BOT and a business counterparty concluded construction agreements, according to which the business counterparty acquired the right to build tanks on the territory of BOT and for BOT services for cargo transshipment. According to the business counterparty BOT does not comply with the terms of these agreements, in connection with which it initiated the specified claims.

On 11 February 2021 BOT received Batumi city court ruling dated 27 January 2021 according to which as a security for this claim, a ban was imposed on the alienation and mortgage encumbrance on a land plot in Batumi with a carrying amount of 3.5 million US Dollars (equivalent to 1,487 million Tenge). BOT did not recognize the claims of the business counterparty and on 12 February 2021 appealed to the court of appeal against the specified-above court ruling and submitted a response to the claim of the business counterparty.

According to the decision of the Kutaisi court of appeal dated 16 April 2021, the complaint of BOT related to the appeal against the ruling of the Batumi city court dated 27 January 2021 was rejected.

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

24. CONTINGENT LIABILITIES AND COMMITMENTS (continued)**Termination of the BSP Management agreement**

In accordance with BSP Management agreement between BOT and the Georgia Government, the last one has the right for termination of this agreement, in case the BSP in the course of 2 years does not meet its obligations on minimum volume of transshipment, which is 4 million tons per year. In addition, if the transshipment volume is less than 6 million tons per year, BOT shall pay the following penalties for:

- Non-fulfillment of up to 1 million tons in the amount of 0.1 US Dollars (ten US cents) per ton;
- Non-fulfillment of 1 to 2 million tons in the amount of 0.2 US Dollars (twenty US cents) per ton;
- Non-fulfillment of over 2 million tons in the amount of 1 US Dollars per ton.

The actual transshipment through the BSP for the first quarter of 2021 amounted to 1.351 million tons (for the first quarter of 2020: 1.7 million tons). Fines were not accrued, because in the opinion of the management of the Group, the actual transshipment volumes for the first quarter of 2021 do not provide a sufficient basis for charging a fine.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise funds for the Group's operations. The Group has trade receivables and cash and cash equivalents that arise directly from its operations.

Fair value of financial instruments

The carrying amount of cash, bank deposits, trade and other accounts receivable, trade and other accounts payable and other current liabilities approximates their fair value due to the short-term maturity of these financial instruments.

26. SUBSEQUENT EVENTS

On 19 April 2021, Main Waterline received free of charge and put into operation a new waterline of technical water "Kulsary-Tengiz" (first stage) worth 24,987,180 thousand Tenge, built at the expense of "Tengizchevroil" LLP within the framework of the Agreement about cooperation on the construction of the waterline.

On 26 May 2021 on the Annual general meeting of shareholders of the Company decided about the payment of dividends in the amount of 50,770,909 thousand Tenge (calculated as 132 Tenge per 1 ordinary share) based on the 2020 annual results.