

**KazTransOil JSC**

Interim condensed separate financial statements

*For the six months ended 30 June 2021*

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Report on review of interim condensed separate financial information

**Interim condensed separate financial statements**

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## **Report on Review of Interim condensed separate financial statement**

To the Shareholders of KazTransOil JSC

### **Introduction**

We have reviewed the accompanying interim condensed separate financial statements of KazTransOil JSC, which comprise the interim separate statement of financial position as at 30 June 2021, the interim separate statements of comprehensive income, interim separate statements of changes in equity and interim separate statements of cash flows for the six-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 is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

## Consolidated financial statements presented separately

Without modifying our conclusion, we draw attention to *Note 2* to the interim condensed separate financial statements which states that the Company is the parent entity of KazTransOil JSC group and that the interim condensed consolidated financial statements of KazTransOil JSC and its subsidiaries ("the Group"), prepared in accordance with IAS 34, have been issued separately. We have performed review of the interim condensed consolidated financial statements of the Group for the six month period, ended 30 June 2020, and expressed an unqualified conclusion thereon in our report on review of interim condensed consolidated financial statements dated 17 August 2021.

*Ernst & Young LLP*

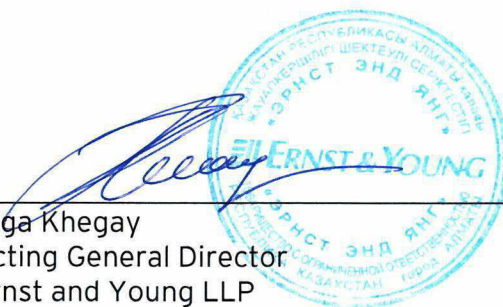


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17 August 2021



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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 SEPARATE STATEMENT OF FINANCIAL POSITION**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>As at 30 June 2021 (unaudited)</b>	<b>As at 31 December 2020 (audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	639,980,824	587,192,417
Right-of-use assets		1,835,784	2,547,819
Intangible assets		1,100,124	1,355,213
Investments in subsidiaries	4	69,248,155	69,854,721
Investments in joint ventures		12,504,945	12,504,945
Advances to suppliers for property, plant and equipment		1,806,451	–
Bank deposits	8	1,855,232	3,569,402
Investments in bonds		1,026,929	913,746
Other long-term accounts receivable	5	1,078,369	983,401
		<b>730,436,813</b>	<b>678,921,664</b>
<b>Current assets</b>			
Inventories		7,642,088	6,032,645
Trade and other accounts receivable	5	3,570,111	2,760,044
Advances to suppliers		407,712	687,582
Prepayment for income tax		554,603	1,240,992
VAT recoverable and other prepaid taxes	6	61,117	2,218,608
Other current assets	7	5,197,871	8,235,791
Bank deposits	8	8,595,228	27,342,909
Cash and cash equivalents	9	29,383,546	38,297,169
		<b>55,412,276</b>	<b>86,815,740</b>
Non-current assets held for sale		<b>605,815</b>	<b>630,839</b>
		<b>56,018,091</b>	<b>87,446,579</b>
<b>Total assets</b>		<b>786,454,904</b>	<b>766,368,243</b>

*The accounting policy and explanatory notes on pages 7 through 22 form an integral part of these interim condensed separate financial statements.*

**INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION (continued)**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>As at 30 June 2021 (unaudited)</b>	<b>As at 31 December 2020 (audited)</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		61,937,567	61,937,567
Treasury shares repurchased from shareholders		(9,549)	(9,549)
Asset revaluation reserve	10	224,884,294	175,588,847
Other capital reserves		(5,997,772)	(5,997,772)
Retained earnings		328,849,082	346,119,511
<b>Total equity</b>		<b>609,663,622</b>	<b>577,638,604</b>
<b>Non-current liabilities</b>			
Employee benefit obligations		22,213,448	21,553,238
Deferred tax liabilities	20	76,695,650	63,095,307
Provision for asset retirement and land recultivation obligation	13	32,283,735	33,688,837
Lease liabilities		586,759	1,415,473
Contract liabilities to customers		32,934	32,976
		<b>131,812,526</b>	<b>119,785,831</b>
<b>Current liabilities</b>			
Current part of employee benefit obligations		758,089	690,087
Trade and other accounts payable	11	6,692,615	20,944,553
Contract liabilities to customers	12	17,155,493	20,188,703
Lease liabilities		1,500,074	1,994,823
Other taxes payable		1,775,841	1,210,017
Other current liabilities	14	17,096,644	23,915,625
		<b>44,978,756</b>	<b>68,943,808</b>
<b>Total liabilities</b>		<b>176,791,282</b>	<b>188,729,639</b>
<b>Total equity and liabilities</b>		<b>786,454,904</b>	<b>766,368,243</b>
<b>Book value per ordinary share (in Tenge)</b>	<b>10</b>	<b>1,582</b>	<b>1,498</b>

Signed and approved for issue on 17 August 2021.

General Director (Chairman of the Management Board)



*Dossanov D.G.*

Chief Accountant

*Sarmagambetova M.K.*

*The accounting policy and explanatory notes on pages 7 through 22 form an integral part of these interim condensed separate financial statements.*



**INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>For the six months ended 30 June (unaudited)</b>	
		<b>2021</b>	<b>2020</b>
Revenue	15	106,239,211	109,427,515
Cost of sales	16	(66,147,426)	(64,832,021)
<b>Gross profit</b>		<b>40,091,785</b>	<b>44,595,494</b>
General and administrative expenses	17	(4,273,254)	(4,435,119)
Other operating income	18	1,298,577	2,748,214
Impairment of investment in subsidiary	4	(1,706,566)	-
Other operating expenses	18	(128,235)	(1,925,742)
<b>Operating profit</b>		<b>35,282,307</b>	<b>40,982,847</b>
Net foreign exchange gain		444,698	3,712,355
Finance income	19	1,663,532	1,420,585
Finance expenses	19	(1,987,623)	(1,872,138)
<b>Profit before income tax</b>		<b>35,402,914</b>	<b>44,243,649</b>
Income tax expense	20	(8,471,368)	(9,250,779)
<b>Net profit for the period</b>		<b>26,931,546</b>	<b>34,992,870</b>
<b>Earnings per share (in Tenge)</b>	<b>10</b>	<b>70</b>	<b>91</b>
<b>Other comprehensive income/(loss)</b>			
<b>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</b>			
Revaluation/(impairment) of property, plant and equipment, net		68,309,462	(73,519,405)
Income tax effect	20	(13,661,893)	14,703,881
		<b>54,647,569</b>	<b>(58,815,524)</b>
Recovery of provision for asset retirement and land recultivation obligation	13	1,521,015	1,496,432
Income tax effect	20	(304,203)	(299,286)
		<b>1,216,812</b>	<b>1,197,146</b>
<b>Total other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods, net</b>		<b>55,864,381</b>	<b>(57,618,378)</b>
<b>Total other comprehensive income/(loss) for the period, net of tax</b>		<b>55,864,381</b>	<b>(57,618,378)</b>
<b>Total comprehensive income/(loss) for the period, net of tax</b>		<b>82,795,927</b>	<b>(22,625,508)</b>

Signed and approved for issue on 17 August 2021.

General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant

  
 Sarmagambelova M.K.

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**INTERIM SEPARATE STATEMENT OF CASH FLOWS**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>For the six months ended 30 June (unaudited)</b>	
		<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		35,402,914	44,243,649
<b>Non-cash adjustment to reconcile profit before income tax to net cash flows</b>			
Depreciation and amortization	16, 17	23,158,229	24,734,288
Foreign exchange gain, net		(444,698)	(3,712,355)
Finance expenses	19	1,987,623	1,872,138
Impairment of investment in subsidiary	4	1,706,566	-
Loss on disposal of property, plant and equipment and intangible assets, net	18	44,101	1,844,745
Finance income	19	(1,663,532)	(1,420,585)
Reversal and revision of estimates on provision on asset retirement and land recultivation obligation, net	18	(1,073,178)	(1,274,254)
Employee benefits, current service costs	16, 17	512,090	334,151
Write-off of VAT recoverable	17	35,826	44,624
Impairment of non-current assets held for sale	18	7,942	7,417
Others		(37,924)	55,206
<b>Operating cash flows before working capital changes</b>		<b>59,635,959</b>	<b>66,729,024</b>
<b>(Increase)/decrease in operating assets</b>			
Inventories		(926,155)	(829,994)
Trade and other accounts receivable		(795,461)	(3,153,318)
Advances to suppliers		279,870	431,945
VAT recoverable and other prepaid taxes		2,121,665	(971,090)
Other current assets		2,971,662	1,783,935
<b>Increase/(decrease) in operating liabilities</b>			
Trade and other accounts payable		(3,001,766)	(3,323,982)
Advances received		(3,033,210)	1,006,453
Other taxes payable		565,824	(591,314)
Other current and non-current liabilities and employee benefit obligations		(7,250,816)	(7,563,799)
<b>Cash generated from operating activities</b>		<b>50,567,572</b>	<b>53,517,860</b>
Income taxes paid		(7,966,309)	(7,997,050)
Interest received		1,045,281	953,484
<b>Net cash flows from operating activities</b>		<b>43,646,544</b>	<b>46,474,294</b>

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**INTERIM SEPARATE STATEMENT OF CASH FLOWS (continued)**

		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	Notes	2021	2020
<b>Cash flows from investing activities</b>			
Withdrawal of bank deposits, net		20,954,666	47,824,419
Return of interest free loan	21	-	605,520
Proceeds from bonds redemption		156,581	37,958
Proceeds from sale of non-current assets held for sale		50,932	31,279
Purchase of property, plant and equipment and intangible assets		(20,534,014)	(21,420,541)
Payment of contribution liability to charter capital of a joint venture	21	-	(5,000,000)
Contributions to the share capital of a subsidiary	21	(1,100,000)	(857,529)
<b>Net cash flows (used in)/from investing activities</b>		<b>(471,835)</b>	<b>21,221,106</b>
<b>Cash flows from financing activities</b>			
Dividends paid	10	(50,770,909)	(45,386,116)
Payment of lease liabilities		(1,480,662)	(1,438,107)
<b>Net cash flows used in financing activities</b>		<b>(52,251,571)</b>	<b>(46,824,223)</b>
<b>Net change in cash and cash equivalents</b>		<b>(9,076,862)</b>	<b>20,871,177</b>
Net foreign exchange difference		163,500	1,834,321
Change in allowance for expected credit losses		(261)	10,851
Cash and cash equivalents at the beginning of the period		38,297,169	23,375,319
<b>Cash and cash equivalents at the end of the period</b>		<b>29,383,546</b>	<b>46,091,668</b>

Signed and approved for issue on 17 August 2021.

General Director (Chairman of the Management Board)



*Dossanov D.G.*

Chief Accountant



*Sarmagambetova M.K.*

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**INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY**

<i>In thousands of Tenge</i>	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Other capital reserves	Retained earnings	Total
<b>As at 31 December 2020 (audited)</b>	61,937,567	(9,549)	175,588,847	(5,997,772)	346,119,511	577,638,604
Net profit for the period	-	-	-	-	26,931,546	26,931,546
Other comprehensive income	-	-	55,864,381	-	-	55,864,381
<b>Total comprehensive income for the period</b>	-	-	55,864,381	-	26,931,546	82,795,927
Amortization of revaluation reserve for property, plant and equipment	-	-	(6,568,934)	-	6,568,934	-
Dividends (Note 10)	-	-	-	-	(50,770,909)	(50,770,909)
<b>As at 30 June 2021 (unaudited)</b>	61,937,567	(9,549)	224,884,294	(5,997,772)	328,849,082	609,663,622
<b>As at 31 December 2019 (audited)</b>	61,937,567	(9,549)	247,417,084	(1,892,888)	330,250,403	637,702,617
Net profit for the period	-	-	-	-	34,992,870	34,992,870
Other comprehensive loss	-	-	(57,618,378)	-	-	(57,618,378)
<b>Total comprehensive (loss)/income for the period</b>	-	-	(57,618,378)	-	34,992,870	(22,625,508)
Amortization of revaluation reserve for property, plant and equipment	-	-	(7,964,646)	-	7,964,646	-
Dividends (Note 10)	-	-	-	-	(45,386,116)	(45,386,116)
<b>As at 30 June 2020 (unaudited)</b>	61,937,567	(9,549)	181,834,060	(1,892,888)	327,821,803	569,690,993

Signed and approved for issue on 17 August 2021.

General Director (Chairman of the Management Board)

Chief Accountant



*Dossanov D.G.*

*Sarmagambetova M.K.*

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**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS****For the six months ended 30 June 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 30 June 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 30 June 2021 and 31 December 2020 the Company had interest ownership in the following companies:

	Place of incorporation	Principal activities	Ownership	
			30 June 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’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 Company operates network of main oil pipelines of 5,372 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 Company. 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 SEPARATE FINANCIAL STATEMENTS (continued)

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### 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 separate financial statements for the six months ended 30 June 2021 were approved by Internal Audit Committee of the Company’s Board of Directors and signed by the General Director (Chairman of the Management Board) and the Chief Accountant on 17 August 2021.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND CHANGES IN ACCOUNTING POLICIES

#### Basis of preparation

The interim condensed separate financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standard (hereinafter – “IFRS”) IAS 34 *Interim Financial Reporting*.

These interim condensed separate 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 the notes to these interim condensed separate financial statements.

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

These interim condensed separate financial statements are presented in Tenge and all amounts are rounded to the nearest thousands, except for the book value of ordinary shares, earnings per share and when otherwise indicated. Functional currency of the Company is Tenge.

These interim condensed separate financial statements were issued in addition to the interim condensed consolidated financial statements of the Company and its subsidiaries. Interim condensed consolidated financial statements were approved for issue by Internal Audit Committee of the Company’s Board of Directors and signed by the General Director (Chairman of the Management Board) and the Chief Accountant of the Company on 17 August 2021. A copy of the interim condensed consolidated financial statements are available on the Company’s corporate internet resource.

#### New and amended standards and interpretations applied by the Company

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

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

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

#### New and amended standards and interpretations applied by the Company (continued)

Some amendments are applied for the first time in 2021. The nature and the impact of each new standard and 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 effect on the interim condensed separate financial statements. The Company intends to use the practical expedients in future periods if they become applicable.

#### Seasonality of operations

The Company's operating costs are subject to seasonal fluctuations, with higher expenses for materials and repair, maintenance and other services usually expected in the second half 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 implemented 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 six months ended 30 June 2021 and 2020 are as follows:

<i>Tenge</i>	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
US Dollars	<b>424.22</b>	404.71
Russian Rubles	<b>5.71</b>	5.83
Euro	<b>511.21</b>	445.58

As at 30 June 2021 and 31 December 2020 the currency exchange rates of KASE are as follows:

<i>Tenge</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
US Dollars	<b>427.89</b>	420.91
Russian Rubles	<b>5.85</b>	5.62
Euro	<b>508.85</b>	516.79

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

Property, plant and equipment as at 30 June 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
<b>Gross carrying amount as at 1 January 2021 (audited)</b>	5,515,423	255,365,446	17,905,428	81,433,973	147,603,173	100,345,811	10,088,431	34,593,170	652,850,855
Additions	-	8,100	-	-	266,847	-	252,618	7,466,847	7,994,412
Additions of asset retirement and land recultivation obligation (Note 13)	-	76,957	-	-	-	-	-	-	76,957
Transfers from construction in progress	-	6,893,407	86,800	1,140,682	4,407,139	-	282,040	(12,810,068)	-
Disposals	-	(2,033,222)	(29,725)	(18,852)	(93,176)	-	(111,928)	(9,922)	(2,296,825)
Revaluation (through revaluation reserve)	-	-	-	-	-	68,328,127	-	-	68,328,127
Transfers to non-current assets held for sale	(31,069)	-	-	(13,495)	-	-	-	-	(44,564)
<b>Gross carrying amount as at 30 June 2021 (unaudited)</b>	<b>5,484,354</b>	<b>260,310,688</b>	<b>17,962,503</b>	<b>82,542,308</b>	<b>152,183,983</b>	<b>168,673,938</b>	<b>10,511,161</b>	<b>29,240,027</b>	<b>726,908,962</b>
<b>Accumulated depreciation and impairment as at 1 January 2021 (audited)</b>	-	(19,451,996)	(3,186,715)	(7,971,186)	(30,626,424)	-	(4,388,105)	(34,012)	(65,658,438)
Depreciation charge	-	(7,461,604)	(1,114,264)	(3,035,436)	(9,520,887)	-	(1,055,753)	-	(22,187,944)
Disposals	-	665,310	29,725	16,026	92,456	-	111,928	-	915,445
Impairment (through expenses)	-	(832)	-	-	-	-	-	-	(832)
Impairment (through revaluation reserve)	(14,838)	(3,827)	-	-	-	-	-	-	(18,665)
Transfers from non-current assets held for sale	14,838	-	-	7,458	-	-	-	-	22,296
<b>Accumulated depreciation and impairment as at 30 June 2021 (unaudited)</b>	<b>-</b>	<b>(26,252,949)</b>	<b>(4,271,254)</b>	<b>(10,983,138)</b>	<b>(40,054,855)</b>	<b>-</b>	<b>(5,331,930)</b>	<b>(34,012)</b>	<b>(86,928,138)</b>
<b>As at 30 June 2021 (unaudited)</b>									
Gross carrying amount	5,484,354	260,310,688	17,962,503	82,542,308	152,183,983	168,673,938	10,511,161	29,240,027	726,908,962
Accumulated depreciation and impairment	-	(26,252,949)	(4,271,254)	(10,983,138)	(40,054,855)	-	(5,331,930)	(34,012)	(86,928,138)
<b>Net book value</b>	<b>5,484,354</b>	<b>234,057,739</b>	<b>13,691,249</b>	<b>71,559,170</b>	<b>112,129,128</b>	<b>168,673,938</b>	<b>5,179,231</b>	<b>29,206,015</b>	<b>639,980,824</b>
<b>As at 31 December 2020 (audited)</b>									
Gross carrying amount	5,515,423	255,365,446	17,905,428	81,433,973	147,603,173	100,345,811	10,088,431	34,593,170	652,850,855
Accumulated depreciation and impairment	-	(19,451,996)	(3,186,715)	(7,971,186)	(30,626,424)	-	(4,388,105)	(34,012)	(65,658,438)
<b>Net book value</b>	<b>5,515,423</b>	<b>235,913,450</b>	<b>14,718,713</b>	<b>73,462,787</b>	<b>116,976,749</b>	<b>100,345,811</b>	<b>5,700,326</b>	<b>34,559,158</b>	<b>587,192,417</b>



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

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

As at 30 June 2021 construction in progress mainly includes the following production facilities:

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

As at 30 June 2021:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated property, plant and equipment 2,865,410 thousand Tenge (as at 31 December 2020: 1,199,613 thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 4,176,367 thousand Tenge (as at 31 December 2020: 3,363,633 thousand Tenge), which were acquired for construction works.

Depreciation of property, plant, and equipment for six months ended 30 June 2021, included in the cost of construction in progress amounted to 8,384 thousand Tenge (for six months ended 30 June 2020: 12,750 thousand Tenge).

Due to significant changes in the oil price on domestic market, the fair value of the Company's technological oil during six months period ended 30 June 2021 was increased for the amount of 68,328,127 thousand Tenge through other comprehensive income (during six months ended 30 June 2020 the technological oil value decreased by 73,581,718 thousand Tenge through other comprehensive loss). As at 30 June 2021 the average oil price at domestic market was 64,440 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 SUBSIDIARIES

As at 30 June 2021 and 31 December 2020 investments in subsidiaries are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Main Waterline	<b>57,244,723</b>	57,851,289
BOT	<b>9,182,546</b>	9,182,546
PTL	<b>2,820,886</b>	2,820,886
<b>Total</b>	<b>69,248,155</b>	69,854,721

The movement of investments in subsidiaries for six months ended 30 June 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	<b>2021</b>	<b>2020</b>
<b>As at 1 January</b>	<b>69,854,721</b>	48,195,522
Contribution to the charter capital of Main Waterline	<b>1,100,000</b>	16,014,739
Impairment of investments in Main Waterline	<b>(1,706,566)</b>	–
<b>As at 30 June</b>	<b>69,248,155</b>	64,210,261

During six months 2021 the Company made a contribution to the charter capital of Main Waterline by transferring the cash contribution in the amount of 1,100,000 thousand Tenge (during six months 2020 the Company made a contribution by transferring property plant and equipment in the amount of 15,157,210 thousand Tenge and by transferring the cash contribution in the amount of 857,529 thousand Tenge).

Due to the presense of impairment indicators as at 30 June 2021, the Company recognised an impairment of its investment in Main Waterline in the amount of the excess of the carrying amount of the investment over its recoverable amount, which was equal to 1,706,566 thousand Tenge (as at 30 June 2020: 0 Tenge).

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

### 5. TRADE AND OTHER ACCOUNTS RECEIVABLE

Long-term accounts receivable as at 30 June 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Other accounts receivable from third parties	<b>1,244,423</b>	1,146,596
Less: allowance for expected credit losses	<b>(166,054)</b>	(163,195)
<b>Total</b>	<b>1,078,369</b>	983,401

Current trade and other accounts receivable as at 30 June 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Trade accounts receivable from related parties (Note 21)	<b>2,011,220</b>	1,516,451
Trade accounts receivable from third parties	<b>1,682,510</b>	1,388,542
Other accounts receivable from third parties	<b>724,753</b>	701,529
Other accounts receivable from related parties (Note 21)	<b>509</b>	509
Less: allowance for expected credit losses	<b>(848,881)</b>	(846,987)
<b>Total</b>	<b>3,570,111</b>	2,760,044

Trade and other accounts receivable of the Company as at 30 June 2021 and 31 December 2020 are denominated in the following currencies:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Tenge	<b>3,566,789</b>	2,757,931
Russian Rubles	<b>3,322</b>	2,113
<b>Total</b>	<b>3,570,111</b>	2,760,044

### 6. VAT RECOVERABLE AND OTHER PREPAID TAXES

VAT recoverable and other prepaid taxes as at 30 June 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Other taxes prepaid	<b>53,772</b>	333,970
VAT recoverable	<b>7,345</b>	1,884,638
<b>Total</b>	<b>61,117</b>	2,218,608

### 7. OTHER CURRENT ASSETS

Other current assets as at 30 June 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Due for oil transportation coordination services	<b>4,223,270</b>	8,150,231
Prepaid insurance	<b>930,313</b>	70,638
Due from employees	<b>43,128</b>	14,291
Other	<b>1,160</b>	631
<b>Total</b>	<b>5,197,871</b>	8,235,791

The decrease in current assets due for oil transportation coordination services relates to the contraction of oil extraction within OPEC+ and the decrease in its export outside the Republic of Kazakhstan.

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

### 8. BANK DEPOSITS

Bank deposits as at 30 June 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Short-term bank deposits – US Dollars	<b>8,557,800</b>	27,359,150
Long-term bank deposits – Tenge	<b>1,859,829</b>	3,588,695
Accrued interest on deposits – Tenge	<b>51,780</b>	35,293
Accrued interest on deposits – US Dollars	<b>1,712</b>	34,824
Less: allowance for expected credit losses	<b>(20,661)</b>	(105,651)
<b>Total</b>	<b>10,450,460</b>	30,912,311

The decrease in bank deposits is due to the expiration of the contracts and their direction to the payment of dividends (Note 10).

In accordance with the maturity, bank deposits as at 30 June 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Short-term bank deposits with maturity under 1 year	<b>8,595,228</b>	27,342,909
Long-term bank deposits with maturity over 1 year	<b>1,855,232</b>	3,569,402
<b>Total</b>	<b>10,450,460</b>	30,912,311

As at 30 June 2021 and 31 December 2020 bank deposits comprised the following:

- US Dollar denominated short-term deposits with maturity from 3 to 12 months, with interest 0.6% per annum (as at 31 December 2020: from 0.5% to 0.55% per annum), maturing in December 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 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.

### 9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Time deposits with banks – Tenge	<b>19,306,400</b>	34,440,034
Current accounts with banks – US Dollars	<b>7,341,142</b>	3,581,575
Current accounts with banks – Tenge	<b>2,229,501</b>	247,159
Current accounts with banks – Russian Rubles	<b>505,666</b>	26,260
Other current accounts with banks	<b>24,620</b>	25,639
Cash on hand	<b>233</b>	257
Less: allowance for expected credit losses	<b>(24,016)</b>	(23,755)
<b>Total</b>	<b>29,383,546</b>	38,297,169

As at 30 June 2021:

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

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

### 10. EQUITY

#### Asset revaluation reserve

The book value of the asset revaluation reserve as at 30 June 2021 is 224,884,294 thousand Tenge (as at 31 December 2020: 175,588,847 thousand Tenge). Change in the reserve of the Company is mainly due to the revaluation of technological oil (*Note 3*) and the revision of the provision for asset retirement and land recultivation obligation (*Note 13*), considering deferred income tax (*Note 20*), as well as amortization of the revaluation reserve for fixed assets.

#### Dividends

During the six months period ended 30 June 2021 the Company accrued dividends payable according to the decision of the general meeting of shareholders dated 26 May 2021 in the amount of 50,770,909 thousand Tenge based on the results of 2020 (calculated as 132 Tenge per 1 share), from which 45,694,709 thousand Tenge will be paid to KMG (*Note 21*) and 5,076,200 thousand Tenge – to minority shareholders.

During the six months period ended 30 June 2020 the Company accrued dividends payable according to the decision of the general meeting of shareholders dated 27 May 2020 in the amount of 45,386,116 thousand Tenge based on the results of 2019 (calculated as 118 Tenge per 1 share), with the use of net income received in 2019, in the amount of 45,121,438 thousand Tenge and retained earnings of previous years in the amount of 264,678 thousand Tenge, from which 40,848,301 thousand Tenge will be paid to KMG (*Note 21*) and 4,537,815 thousand Tenge – to minority shareholders.

#### Earnings per share

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

As the Company does not issue convertible financial instruments, basic earnings per share of the Company 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>	<b>For the six months ended 30 June (unaudited)</b>	
	<b>2021</b>	<b>2020</b>
Net profit attributable to ordinary equity holders	<b>26,931,546</b>	34,992,870
Weighted average number of ordinary shares for the period for basic earnings per share	<b>384,628,099</b>	384,628,099
<b>Basic earnings per share, in relation to profit for the period attributable to ordinary equity holders of the Company (in Tenge)</b>	<b>70</b>	91

#### Book value per ordinary share

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

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
<b>Total assets</b>	<b>786,454,904</b>	766,368,243
Less: intangible assets	<b>(1,100,124)</b>	(1,355,213)
Less: total liabilities	<b>(176,791,282)</b>	(188,729,639)
<b>Net assets for calculation of book value per ordinary share</b>	<b>608,563,498</b>	576,283,391
Number of ordinary shares	<b>384,628,099</b>	384,628,099
<b>Book value per ordinary share (in Tenge)</b>	<b>1,582</b>	1,498

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

### 11. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 30 June 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Trade accounts payable to third parties for goods and services	<b>4,165,649</b>	16,646,276
Trade accounts payable to related parties for goods and services (Note 21)	<b>1,891,970</b>	3,701,503
Other accounts payable to third parties	<b>634,996</b>	596,774
<b>Total</b>	<b>6,692,615</b>	20,944,553

As at 30 June 2021 trade and other accounts payable included payables to related and third parties for property, plant and equipment, for works and services related to the construction in progress in the amount of 1,717,207 thousand Tenge (as at 31 December 2020: 14,369,330 thousand Tenge). The decrease of accounts payable is due to their repayment during the reporting period.

Trade and other accounts payable as at 30 June 2021 and 31 December 2020 are denominated in the following currencies:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Tenge	<b>6,686,223</b>	20,913,425
Russian Rubles	<b>6,392</b>	5,156
US Dollars	<b>–</b>	25,972
<b>Total</b>	<b>6,692,615</b>	20,944,553

### 12. CONTRACT LIABILITIES TO CUSTOMERS

Current contract liabilities to customers as at 30 June 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Advances received from related parties (Note 21)	<b>10,002,823</b>	13,063,600
Advances received from third parties	<b>7,152,670</b>	7,125,103
<b>Total</b>	<b>17,155,493</b>	20,188,703

### 13. PROVISIONS

#### Asset retirement and land reclamation obligation

The movement of provision for asset retirement and land reclamation obligation for the six months ended 30 June 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
<b>At the beginning of the period (audited)</b>	<b>33,688,837</b>	27,780,887
Charge for the period through asset (Note 3)	<b>76,957</b>	233,363
Unwinding of discount (Note 19)	<b>1,112,134</b>	1,021,756
Revision of estimates through other comprehensive income	<b>(1,521,015)</b>	(1,496,432)
Revision of estimates through profit and loss (Note 18)	<b>(400,763)</b>	(748,861)
Reversed through profit and loss (Note 18)	<b>(672,415)</b>	(525,393)
<b>At the end of the period (unaudited)</b>	<b>32,283,735</b>	26,265,320

As at 30 June 2021 the Company revised the long-term provisions considering current best estimate, which was based on the discount rate of 6.97% (as at 31 December 2020: 6.71%) and the inflation rate of 5.58% (as at 31 December 2020: 5.54%).

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

### 14. OTHER CURRENT LIABILITIES

Other current liabilities as at 30 June 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Liability for oil transportation coordination services to related parties (Note 21)	7,963,066	7,701,845
Salaries and other compensations	4,278,992	10,278,781
Liability for oil transportation coordination services to third parties	4,200,673	4,878,213
Payable to pension fund	508,383	888,788
Other accruals	145,530	167,998
<b>Total</b>	<b>17,096,644</b>	<b>23,915,625</b>

The decrease in liabilities for salaries and other compensations is due to the payment of remuneration on 2020 results during the reporting period.

### 15. REVENUE

Revenue for the six months ended 30 June 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	<b>For the six months ended 30 June (unaudited)</b>	
	<b>2021</b>	<b>2020</b>
Crude oil transportation	95,277,063	98,618,112
Pipeline operation services	9,103,804	8,829,951
Fees for undelivered oil volumes	1,495,336	1,555,893
Oil transportation coordination services	299,875	362,168
Oil storage services	36,646	35,632
Other	26,487	25,759
<b>Total</b>	<b>106,239,211</b>	<b>109,427,515</b>
<b>Geographic regions</b>		
Kazakhstan	93,457,430	96,879,645
Russia	12,781,781	12,547,870
<b>Total revenue under contracts with customers</b>	<b>106,239,211</b>	<b>109,427,515</b>
<b>Timing of revenue recognition</b>		
At a point in time	97,135,407	100,597,564
Over time	9,103,804	8,829,951
<b>Total revenue under contracts with customers</b>	<b>106,239,211</b>	<b>109,427,515</b>

For the six months ended 30 June 2021 the revenue from four major customers amounted to 24,486,475 thousand Tenge, 15,344,926 thousand Tenge, 8,832,127 thousand Tenge and 6,184,366 thousand Tenge (for the six months ended 30 June 2020: 26,030,845 thousand Tenge, 16,648,996 thousand Tenge, 6,003,473 thousand Tenge and 5,696,125 thousand Tenge, respectively).



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

### 16. COST OF SALES

Cost of sales for the six months ended 30 June 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2021	2020
Personnel costs	22,681,464	21,951,609
Depreciation and amortization	22,535,753	24,056,116
Taxes other than income tax	3,966,944	4,214,497
Repair and maintenance	3,038,778	2,834,665
Electric energy	2,720,042	2,504,366
Materials and fuel	2,657,615	2,383,741
Security services	2,646,475	2,547,104
Gas expense	1,426,018	1,363,437
Food and accommodation	1,037,594	915,333
Environmental protection	909,168	129,234
Post-employment benefits	486,639	318,053
Business trip expenses	331,499	271,788
Insurance	266,439	276,462
Outstaffing services	232,865	179,141
Communication services	176,810	140,933
Transportation expenses	72,938	66,638
Other	960,385	678,904
<b>Total</b>	<b>66,147,426</b>	<b>64,832,021</b>

### 17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the six months ended 30 June 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2021	2020
Personnel costs	2,532,060	2,680,254
Depreciation and amortization	622,476	678,172
Office maintenance	267,836	259,536
Repair and maintenance	115,518	112,616
Taxes other than income tax	111,200	107,820
Outstaffing services	98,730	89,801
Information expenses	67,262	68,692
Consulting services	55,938	51,861
Communication services	49,038	46,877
Business trip expenses	46,470	30,364
Write-off of VAT recoverable	35,826	44,624
Bank costs	31,235	31,802
Post-employment benefits	25,451	16,098
Materials and fuel	15,624	21,424
Other	198,590	195,178
<b>Total</b>	<b>4,273,254</b>	<b>4,435,119</b>

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

### 18. OTHER OPERATING INCOME AND EXPENSES

Other operating income for the six months ended 30 June 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2021	2020
Income from reversal and revision of estimates on provision on asset retirement and land recultivation obligation, net ( <i>Note 13</i> )	1,073,178	1,274,254
Income from fines and penalties	135,074	1,388,153
Income from sale of inventories, net	36,743	85,300
Other income	53,582	507
<b>Total</b>	<b>1,298,577</b>	<b>2,748,214</b>

Other operating expenses for the six months ended 30 June 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2021	2020
Loss on disposal of property, plant and equipment and intangible assets, net	44,101	1,844,745
Impairment of assets held for sale	7,942	7,417
Other expenses	76,192	73,580
<b>Total</b>	<b>128,235</b>	<b>1,925,742</b>

Loss on disposal of property, plant and equipment and intangible assets for the six months ended 30 June 2020 includes VAT in the amount of 1,823,703 thousand Tenge, excluded, in accordance with tax legislation, from offset as a result of the transfer of property, plant and equipment of the Company to the authorized capital of a subsidiary.

### 19. FINANCE INCOME AND EXPENSES

Finance income for the six months ended 30 June 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2021	2020
Interest income on bank deposits and current accounts	1,209,166	1,037,179
Income from revision of bond's fair value	269,764	126,609
Unwinding of discount on long-term receivables	98,951	97,753
Reversal of allowance for expected credit losses of cash and cash equivalents and bank deposits, net	85,651	98,616
Other finance income	-	60,428
<b>Total</b>	<b>1,663,532</b>	<b>1,420,585</b>

Finance expenses for the six months ended 30 June 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2021	2020
Unwinding of discount on asset retirement and land recultivation obligation reserve ( <i>Note 13</i> )	1,112,134	1,021,756
Net interest cost on employee benefit obligations	583,319	590,955
Amortization of discount on lease liabilities	145,722	259,427
Other finance expenses	146,448	-
<b>Total</b>	<b>1,987,623</b>	<b>1,872,138</b>

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

### 20. INCOME TAX EXPENSE

Income tax expenses for the six months ended 30 June 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2021	2020
Current income tax expense	8,624,716	9,869,449
Adjustments of the past periods	212,405	69,953
Deferred income tax benefit	(365,753)	(688,623)
<b>Income tax expense</b>	<b>8,471,368</b>	<b>9,250,779</b>

Movement in deferred income tax liabilities for the six months ended 30 June 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2021	2020
<b>At the beginning of the period (audited)</b>	<b>63,095,307</b>	80,594,382
Charged to profit and loss	(365,753)	(688,623)
Charged to other comprehensive loss/(income)	13,966,096	(14,404,595)
<b>At the end of the period (unaudited)</b>	<b>76,695,650</b>	<b>65,501,164</b>

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

The following tables provide the total amount of transactions, which have been entered into with related parties during the six months ended 30 June 2021 and 2020 and also the related balances as at 30 June 2021 and 31 December 2020.

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

<i>In thousands of Tenge</i>	Notes	30 June 2021 (unaudited)	31 December 2020 (audited)
<b>Trade and other accounts receivable from related parties</b>			
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		957,260	458,566
Trade accounts receivable from joint ventures of the Company		954,517	969,932
Trade accounts receivable from entities under common control of KMG		99,443	87,953
<b>Total trade accounts receivable from related parties</b>	5	<b>2,011,220</b>	<b>1,516,451</b>
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna Group	5	509	509
<b>Total other accounts receivable from related parties</b>		<b>509</b>	<b>509</b>
Less: allowance for expected credit losses		(3,297)	(3,950)
<b>Total trade and other accounts receivable from related parties</b>		<b>2,008,432</b>	<b>1,513,010</b>

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

### 21. RELATED PARTY TRANSACTIONS (continued)

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
<b>Advances paid to related parties</b>		
Advances paid to entities under common control of Samruk-Kazyna Group	<b>46,718</b>	1,104
Advances paid to entities under common control of KMG	<b>37,287</b>	394,336
<b>Total advances paid to related parties</b>	<b>84,005</b>	395,440

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

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
<b>Trade and other accounts payable to related parties for goods and services</b>			
Trade accounts payable to entities under common control of KMG		<b>1,657,242</b>	2,602,729
Trade accounts payable to entities under common control of Samruk-Kazyna Group		<b>226,918</b>	1,086,014
Trade accounts payable to joint ventures of the Company		<b>7,810</b>	12,760
<b>Total trade accounts payable to related parties for goods and services</b>	11	<b>1,891,970</b>	3,701,503

Contract liabilities to customers to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
<b>Contract liabilities to customers to related parties</b>			
Advances received from entities under common control of KMG		<b>9,777,360</b>	12,807,654
Advances received from entities under common control of Samruk-Kazyna Group		<b>225,463</b>	255,946
<b>Total contract liabilities to customers to related parties</b>	12	<b>10,002,823</b>	13,063,600

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
<b>Accounts payable for oil transportation coordination services to related parties</b>			
Accounts payable for oil transportation coordination services to entities under common control of KMG		<b>7,963,066</b>	7,701,845
<b>Total accounts payable for oil transportation coordination services to related parties</b>	14	<b>7,963,066</b>	7,701,845
<b>Employee benefits obligation of key management personnel</b>			
Employee benefits obligation of key management personnel		<b>68,379</b>	62,412
<b>Total employee benefits obligation of key management personnel</b>		<b>68,379</b>	62,412
<b>Total other current liabilities to related parties</b>		<b>8,031,445</b>	7,764,257

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

### 21. RELATED PARTY TRANSACTIONS (continued)

The following tables provide the total amount of transactions, which have been entered into with related parties during the six months ended 30 June 2021 and 2020:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2021	2020
<b>Sales to related parties</b>		
Revenue from main activities with entities under common control of KMG	55,071,250	58,281,658
Revenue from main activities with joint ventures of the Company	5,133,359	5,038,445
Revenue from main activities with entities under common control of Samruk-Kazyna Group	3,834,603	3,728,869
Revenue from main activities with subsidiaries of the Company	419,323	381,446
Revenue from other activities with entities under common control of Samruk-Kazyna Group	22,111	19,274
Revenue from other activities with entities under common control of KMG	3,521	65,055
<b>Total</b>	<b>64,484,167</b>	<b>67,514,747</b>

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

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2021	2020
<b>Purchases from related parties</b>		
Purchases of services from entities under common control of KMG	3,020,439	2,826,174
Purchases of services from entities under common control of Samruk-Kazyna Group	896,305	885,404
Purchases of services from subsidiaries of the Company	345,119	334,114
Purchases of services from joint ventures of the Company	41,839	51,392
Purchases of inventory from subsidiary of the Company	1,804,534	1,012,829
Purchases of inventory from entities under common control of Samruk-Kazyna Group	146	90
Purchases of inventory from entities under common control of KMG	82	76
Purchases of property, plant and equipment and intangible assets from subsidiary of the Company	686,029	442,178
Purchases of property, plant and equipment and intangible assets from entities under common control of Samruk-Kazyna Group	–	993,973
<b>Total</b>	<b>6,794,493</b>	<b>6,546,230</b>

Cash flows to related parties are as follows:

		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	Notes	2021	2020
<b>Cash flows to related parties</b>			
Payment of KMG dividends	10	(45,694,709)	(40,848,301)
Contribution to the share capital of the Main Waterline	4	(1,100,000)	(857,529)
Repayment of contribution liability to charter capital of MunaiTas		–	(5,000,000)
Return of interest free loan to BOT		–	605,520
<b>Total</b>		<b>(46,794,709)</b>	<b>(46,100,310)</b>

Total accrued compensation to key management personnel for the six months ended 30 June 2021 amounts to 164,831 thousand Tenge (for the six months ended 30 June 2020: 172,191 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal regulations.

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

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**22. CONTINGENT LIABILITIES AND COMMITMENTS**

Information on contingent liabilities and commitments of the Company is disclosed in the separate financial statements for the year ended 31 December 2020. During the six months ended 30 June 2021 there were no significant changes, except for the following:

**Contractual commitments to acquire property, plant and equipment**

As at 30 June 2021 the Company had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 36,500,526 thousand Tenge (31 December 2020: 25,286,425 thousand Tenge).

**Investment program commitments**

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 during the period from 2021 to 2025 in the amount of 214 billion Tenge. As at 30 June 2021, the balance of obligation under the investment program to be fulfilled was 210.6 billion Tenge.

**23. FINANCIAL INSTRUMENTS**

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company 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 financial liabilities approximates their fair value due to the short-term maturity of these financial instruments.

**24. SUBSEQUENT EVENTS**

On 19 April 2021, by the decision of General meeting of members, KCP paid dividends to the Company in the amount of 1,800,000 thousand Tenge based on the 2020 results.