

**KazTransOil JSC**

**Interim condensed separate financial statements**

*For the six months ended 30 June 2019*



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Report on review of interim financial information

**Interim condensed separate financial statements**

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## Report on Review of Interim Financial Information

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 2019 and the related interim separate statements of comprehensive income, changes in equity and 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 2019, and expressed an unqualified conclusion thereon in our report on review of interim condensed consolidated financial statements dated 15 August 2019.

*Ernst & Young LLP*



Gulmira Turmagambetova  
Auditor / General Director  
Ernst and Young LLP

Auditor qualification certificate No. 0000374  
dated 21 February 1998

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15 August 2019



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 2019 (unaudited)</b>	<b>As at 31 December 2018 (audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	579,165,809	597,851,442
Right-of-use assets	4	4,624,343	–
Intangible assets		1,304,418	1,511,705
Investments in subsidiaries		57,260,238	57,260,238
Investments in joint ventures		7,404,945	7,404,945
Advances to suppliers for property, plant and equipment		94,017	110,135
Long-term accounts receivable	5	1,405,250	–
Bank deposits	10	2,420,304	2,778,076
Investments in bonds		888,345	828,437
Other non-current assets		12,113	12,585
		<b>654,579,782</b>	<b>667,757,563</b>
<b>Current assets</b>			
Inventories		4,911,607	4,027,652
Trade and other accounts receivable	6	3,696,694	4,242,779
Advances to suppliers	7	1,712,776	538,150
Prepayment for income tax		726,628	941,945
VAT recoverable and other prepaid taxes		92,854	726,283
Other current assets	8	4,001,001	7,799,318
Interest-free loan to related party	9	517,051	–
Bank deposits	10	7,648,717	25,424,203
Cash and cash equivalents	11	80,496,987	30,325,124
		<b>103,804,315</b>	<b>74,025,454</b>
Non-current assets held for sale	12	149,176	2,406,231
		<b>103,953,491</b>	<b>76,431,685</b>
<b>Total assets</b>		<b>758,533,273</b>	<b>744,189,248</b>

*The accounting policy and explanatory notes on pages 7 through 28 form an integral part of these interim condensed separate financial statements.*

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

<i>In thousands of Tenge</i>	Notes	As at 30 June 2019 (unaudited)	As at 31 December 2018 (audited)
<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	13	184,080,754	198,867,282
Other capital reserves		(71,795)	(71,795)
Retained earnings		319,620,174	322,323,211
<b>Total equity</b>		<b>565,557,151</b>	<b>583,046,716</b>
<b>Non-current liabilities</b>			
Employee benefit obligations		13,528,158	12,939,771
Lease liabilities	15	3,163,567	-
Deferred tax liabilities	23	64,942,750	68,003,798
Provision for asset retirement and land recultivation obligation	16	23,731,471	21,109,397
Deferred income		6,721	6,843
		<b>105,372,667</b>	<b>102,059,809</b>
<b>Current liabilities</b>			
Employee benefit obligations		666,732	660,420
Trade and other accounts payable	14	6,886,864	11,919,760
Advances received		20,318,821	20,518,169
Lease liabilities	15	1,852,410	-
Dividends payable	13	40,001,322	-
Other taxes payable		1,283,367	1,170,165
Provisions	16	71,904	1,088,119
Other current liabilities	17	16,522,035	23,726,090
		<b>87,603,455</b>	<b>59,082,723</b>
<b>Total liabilities</b>		<b>192,976,122</b>	<b>161,142,532</b>
<b>Total equity and liabilities</b>		<b>758,533,273</b>	<b>744,189,248</b>
<b>Book value per ordinary share (in Tenge)</b>	13	<b>1,467</b>	<b>1,512</b>

Signed and approved for issue on 15 August 2019.

General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant

Sarmagambetova M.K.

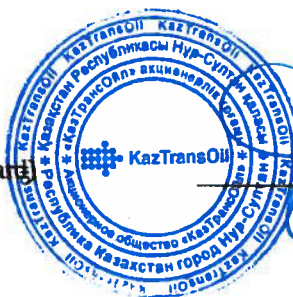
The accounting policy and explanatory notes on pages 7 through 28 form an integral part of these interim condensed separate financial statements.

**INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2019	2018
Revenue	18	111,081,028	104,902,081
Cost of sales	19	(62,188,218)	(63,936,345)
<b>Gross profit</b>		<b>48,892,810</b>	<b>40,965,736</b>
General and administrative expenses	20	(7,065,918)	(5,274,164)
Other operating income	21	706,427	318,290
Other operating expenses	21	(2,300,900)	(966,531)
<b>Operating profit</b>		<b>40,232,419</b>	<b>35,043,331</b>
Net foreign exchange (loss)/gain		(270,905)	808,034
Finance income	22	1,224,879	1,672,605
Finance expenses	22	(1,933,614)	(1,229,229)
<b>Profit before income tax</b>		<b>39,252,779</b>	<b>36,294,741</b>
Income tax expense	23	(8,562,339)	(7,441,762)
<b>Net profit for the period</b>		<b>30,690,440</b>	<b>28,852,979</b>
<b>Earnings per share (in Tenge)</b>	13	<b>80</b>	<b>75</b>
<b>Other comprehensive (loss)/income</b>			
<b>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods</b>			
(Impairment)/revaluation of property, plant and equipment, net	3	(9,159,944)	44,699,573
Income tax effect	23	1,831,989	(8,939,914)
		<b>(7,327,955)</b>	<b>35,759,659</b>
Charge of provision for asset retirement and land recultivation obligation	16	(533,366)	(830,586)
Income tax effect	23	106,674	166,118
		<b>(426,692)</b>	<b>(664,468)</b>
<b>Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods, net</b>		<b>(7,754,647)</b>	<b>35,095,191</b>
<b>Total other comprehensive (loss)/income for the period, net of tax</b>		<b>(7,754,647)</b>	<b>35,095,191</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>22,935,793</b>	<b>63,948,170</b>

Signed and approved for issue on 15 August 2019.

General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant

Sarmaganbetova M.K.

The accounting policy and explanatory notes on pages 7 through 28 form an integral part of these interim condensed separate financial statements.

**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>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		39,252,779	36,294,741
<b>Non-cash adjustment to reconcile profit before income tax to net cash flows</b>			
Depreciation and amortization	19, 20	24,407,048	24,694,731
Finance expenses	22	1,933,614	1,229,229
Finance income	22	(1,224,879)	(1,672,605)
Revision of estimates on provision on asset retirement and land reclamation obligation	21	1,168,348	72,577
Impairment of non-current assets held for sale	21	960,745	-
Employee benefits, current service costs	19, 20	280,890	281,139
Unrealized foreign exchange loss/(gain)		270,905	(808,034)
Loss on disposal of property, plant and equipment and intangible assets, net	21	110,712	868,188
Impairment of property, plant and equipment	21	40,421	1,124
Charge of allowance for expected credit losses on trade receivables, net	20	4,263	44,865
Others		6,540	12,014
<b>Operating cash flows before working capital changes</b>		<b>67,211,386</b>	<b>61,017,969</b>
<b>(Increase)/decrease in operating assets</b>			
Inventories		(1,202,241)	(3,274,718)
Trade and other accounts receivable		1,797,229	1,401,838
Advances to suppliers		(1,174,763)	(1,339,515)
VAT recoverable and other prepaid taxes		288,117	975,139
Other current assets		2,395,122	1,232,570
<b>Increase/(decrease) in operating liabilities</b>			
Trade and other accounts payable		(1,594,954)	1,957,972
Advances received		(199,348)	1,624,438
Other taxes payable		(57,826)	(848,252)
Other current and non-current liabilities and employee benefit obligations		(8,551,114)	(8,175,738)
<b>Cash generated from operating activities</b>		<b>58,911,608</b>	<b>54,571,703</b>
Income taxes paid		(9,192,370)	(6,118,482)
Interest received		1,122,770	1,841,663
<b>Net cash flows from operating activities</b>		<b>50,842,008</b>	<b>50,294,884</b>

*The accounting policy and explanatory notes on pages 7 through 28 form an integral part of these interim condensed separate financial statements.*

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

In thousands of Tenge	Notes	For the six months ended 30 June (unaudited)	
		2019	2018
<b>Cash flows from investing activities</b>			
Withdrawal of bank deposits		39,498,419	28,845,923
Proceeds from sale of non-current assets held for sale	12	288,008	26,002,497
Proceeds from bonds redemption		29,971	17,982
Proceeds from disposal of property, plant and equipment		-	4,143
Placement of bank deposits		(21,534,560)	(3,201,000)
Purchase of property, plant and equipment		(16,949,031)	(23,915,875)
Granting of interest free loan	9	(565,095)	-
Purchase of intangible assets		(620)	(23,585)
Contributions to the share capital of a subsidiary	24	-	(26,202,497)
<b>Net cash flows from investing activities</b>		<b>767,092</b>	<b>1,527,588</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	15	(1,324,800)	-
Dividends paid	13	-	(42,540,496)
<b>Net cash flows used in financing activities</b>		<b>(1,324,800)</b>	<b>(42,540,496)</b>
<b>Net change in cash and cash equivalents</b>		<b>50,284,300</b>	<b>9,281,976</b>
Effects of changes in exchange rates on cash and cash equivalents		(109,927)	120,213
Change in allowance for expected credit losses		(2,510)	-
Cash and cash equivalents at the beginning of the period		30,325,124	36,011,198
<b>Cash and cash equivalents at the end of the period</b>		<b>80,496,987</b>	<b>45,413,387</b>

Signed and approved for issue on 15 August 2019.

General Director (Chairman of the Management Board)



*Dossanov D.G.*

Chief Accountant



*Sarmagambelova M.K.*

*The accounting policy and explanatory notes on pages 7 through 28 form an integral part of these interim condensed separate financial statements.*

## 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
As at 31 December 2018 (audited)	61,937,567	(9,549)	198,867,282	(71,795)	322,323,211	583,046,716
Changes in accounting policy (Note 2)	-	-	-	-	(424,036)	(424,036)
As at 1 January 2019 (restated)	61,937,567	(9,549)	198,867,282	(71,795)	321,899,175	582,622,680
Net profit for the period	-	-	-	-	30,690,440	30,690,440
Other comprehensive loss	-	-	(7,754,647)	-	-	(7,754,647)
Total comprehensive (loss)/income for the period	-	-	(7,754,647)	-	30,690,440	22,935,793
Amortization of revaluation reserve for property, plant and equipment	-	-	(7,031,881)	-	7,031,881	-
Dividends (Note 13)	-	-	-	-	(40,001,322)	(40,001,322)
As at 30 June 2019 (unaudited)	61,937,567	(9,549)	184,080,754	(71,795)	319,620,174	565,557,151
As at 31 December 2017 (audited)	61,937,567	(9,549)	182,956,116	(622,717)	304,506,370	548,767,787
Changes in accounting policy	-	-	-	-	(40,532)	(40,532)
As at 1 January 2018 (restated)	61,937,567	(9,549)	182,956,116	(622,717)	304,465,838	548,727,255
Net profit for the period	-	-	-	-	28,852,979	28,852,979
Other comprehensive income	-	-	35,095,191	-	-	35,095,191
Total comprehensive income for the period	-	-	35,095,191	-	28,852,979	63,948,170
Amortization of revaluation reserve for property, plant and equipment	-	-	(10,181,748)	-	10,181,748	-
Dividends (Note 13)	-	-	-	-	(61,540,496)	(61,540,496)
As at 30 June 2018 (unaudited)	61,937,567	(9,549)	207,869,559	(622,717)	281,960,069	551,134,929

Signed and approved for issue on 15 August 2019.

General Director (Chairman of the Management Board)

Chief Accountant



Dossanov D.G.

Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 7 through 28 form an integral part of these interim condensed separate financial statements.

## NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 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 2019 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 2019 and 31 December 2018 the Company had interest ownership in the following companies:

	Place of incorporation	Principal activities	Ownership	
			30 June 2019	31 December 2018
"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").

\*\* PTL has a branch operating in Republic of Kazakhstan, Nur-Sultan.

The Company's head office is located in Astana, Kazakhstan, at 20 Turan Avenue.

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 – "CRNMPCandCR"). CRNMPCandCR is responsible for approving the methodology for calculating the tariff and tariff rates, which serve as a base for receiving major part of the Company's revenue in domestic market of the Republic of Kazakhstan.

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 is excluded from the regulation of natural monopolies.

In accordance with the order of CRNMPCandCR the maximum tariff for pumping oil on the domestic market for 2019 is 4,721.72 Tenge per ton for 1,000 kilometers without VAT.

Starting from 1 April 2018 tariffs for pumping oil on the export from the Republic of Kazakhstan equals to 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 4,292.4 Tenge per ton for 1,000 kilometers.

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

### 1. GENERAL INFORMATION (continued)

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 2018: 3.11 US Dollars per ton).

Tariffs for transportation of Russian oil to Republic of Uzbekistan through the territory of Republic of Kazakhstan is 25.12 US Dollars per ton.

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 2019 were approved by internal audit committee of the Company's Board of Directors and signed by the Acting General Director and the Chief Accountant on 15 August 2019.

### 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 2019 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 2018.

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 15 August 2019. A copy of the interim condensed consolidated financial statements are available on the Company's corporate internet resource.

#### New standards, interpretations and amendments adopted 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 2018, except for the adoption of new standards and interpretations effective as at 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Some amendments are applied for the first time in 2019. The nature and the impact of each new standard and amendment are described below:

#### *IFRS 16 Leases*

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

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

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

#### New standards, interpretations and amendments adopted by the Company (continued)

##### IFRS 16 Leases (continued)

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

##### a) Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. Any prepaid rent and accrued rent were recognised under Advances to suppliers and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

##### Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients where in it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to contracts with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

<i>In thousands of Tenge</i>	<b>1 January 2019</b>
<b>Assets</b>	
Right-of-use assets (Note 4)	4,983,284
<b>Total assets (unaudited)</b>	<b>4,983,284</b>
<b>Liabilities</b>	
Lease liabilities (Note 15)	5,513,329
Deferred tax liabilities (Note 23)	(106,009)
<b>Total liabilities (unaudited)</b>	<b>5,407,320</b>
<b>Share capital</b>	
Retained earnings	(424,036)
<b>Total share capital (unaudited)</b>	<b>(424,036)</b>

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

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

#### New standards, interpretations and amendments adopted by the Company (continued)

##### *IFRS 16 Leases (continued)*

##### *a) Nature of the effect of adoption of IFRS 16 (continued)*

##### Leases previously accounted for as operating leases (continued)

Below is a reconciliation of liabilities as at 1 January 2019 with contractual commitments for operating leases as at 31 December 2018:

*In thousands of Tenge*

<b>Operating lease contractual commitments as at 31 December 2018 (unaudited)</b>	<b>7,361,333</b>
The weighted average rate of raising additional borrowings as at 1 January 2019	13.46%
<b>Discounted operating lease liabilities as at 1 January 2019 (unaudited) (Note 15)</b>	<b>5,513,329</b>
<b>Less</b>	
Contractual commitments related to short term lease liabilities	-
Contractual commitments related to low value assets	-
<b>Add</b>	
Contractual commitments related to lease previously classified as a financial lease	-
Payments in the periods specified in the renewal option, not recognized as at 31 December 2018	-
<b>Lease liabilities as at 1 January 2019 (unaudited)</b>	<b>5,513,329</b>

##### *b) Summary of new accounting policies*

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

##### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment review.

##### Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

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**2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)****New standards, interpretations and amendments adopted by the Company (continued)***IFRS 16 Leases (continued)**b) Summary of new accounting policies (continued)*Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

The following interpretations and amendments are applied for the first time in 2019 and did not affect the interim condensed separate financial statements of the Company:

- IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*;
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*;
- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*;
- Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*;
- Annual improvements 2015-2017 cycle:
  - IFRS 3 *Business Combinations*;
  - IFRS 11 *Joint Arrangements*;
  - IAS 12 *Income Taxes*;
  - IAS 23 *Borrowing Costs*.

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

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

#### 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 2019 and 2018 are as follows:

<i>Tenge</i>	For the six months ended 30 June	
	2019	2018
US Dollars	379.29	326.53
Russian Rubles	5.81	5.50
Euro	428.45	395.39

As at 30 June 2019 and 31 December 2018 the currency exchange rates of KASE are as follows:

<i>Tenge</i>	30 June 2019	31 December 2018
US Dollars	380.53	384.20
Russian Rubles	6.04	5.52
Euro	433.08	439.37

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

Property, plant and equipment as at 30 June 2019 and 31 December 2018 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>At revalued amount as at 31 December 2018 (audited)</b>	5,179,377	234,939,104	18,064,112	79,958,563	147,498,814	160,974,494	19,587,200	34,126,247	700,327,911
Additions	-	17,618	237,897	-	445,359	-	69,876	13,563,143	14,333,893
Disposals	-	(46,775)	(34,292)	(50,527)	(910,122)	(6,360)	(245,634)	(33,712)	(1,327,422)
Change in value (through revaluation reserve)	-	-	-	-	-	(9,152,746)	-	-	(9,152,746)
Transfers from construction in progress	-	66,922	232,850	190,325	2,411,608	-	131,267	(3,032,972)	-
Transfers to non-current assets held for sale (Note 12)	-	-	(339,156)	-	-	-	-	-	(339,156)
Transfers to intangible assets	-	-	-	-	-	-	-	(76,144)	(76,144)
Transfers and reclassifications	-	14,847	(120,549)	-	76,076	-	18,461	11,165	-
<b>At revalued amount as at 30 June 2019 (unaudited)</b>	<b>5,179,377</b>	<b>234,991,716</b>	<b>18,040,862</b>	<b>80,098,361</b>	<b>149,521,735</b>	<b>151,815,388</b>	<b>19,561,170</b>	<b>44,557,727</b>	<b>703,766,336</b>
<b>Accumulated depreciation and impairment as at 31 December 2018 (audited)</b>	-	(35,418,917)	(3,867,566)	(11,017,271)	(41,898,491)	-	(9,969,532)	(304,692)	(102,476,469)
Depreciation charge	-	(7,776,251)	(1,141,081)	(2,393,867)	(9,930,420)	-	(2,258,861)	-	(23,500,480)
Disposals	-	24,657	28,680	34,016	895,528	-	240,828	10,352	1,234,061
Impairment (through expenses) (Note 21)	-	(215)	-	(1,588)	-	-	-	(38,618)	(40,421)
Impairment (through revaluation reserve)	-	(873)	-	(6,325)	-	-	-	-	(7,198)
Depreciation of property, plant and equipment transferred to non-current assets held for sale (Note 12)	-	-	189,980	-	-	-	-	-	189,980
Transfers and reclassifications	-	546	-	-	(546)	-	-	-	-
<b>Accumulated depreciation and impairment as at 30 June 2019 (unaudited)</b>	<b>-</b>	<b>(43,171,053)</b>	<b>(4,789,987)</b>	<b>(13,385,035)</b>	<b>(50,933,929)</b>	<b>-</b>	<b>(11,987,565)</b>	<b>(332,958)</b>	<b>(124,600,527)</b>
<b>As at 30 June 2019 (unaudited)</b>									
At revalued amount	5,179,377	234,991,716	18,040,862	80,098,361	149,521,735	151,815,388	19,561,170	44,557,727	703,766,336
Accumulated depreciation and impairment	-	(43,171,053)	(4,789,987)	(13,385,035)	(50,933,929)	-	(11,987,565)	(332,958)	(124,600,527)
<b>Net book value</b>	<b>5,179,377</b>	<b>191,820,663</b>	<b>13,250,875</b>	<b>66,713,326</b>	<b>98,587,806</b>	<b>151,815,388</b>	<b>7,573,605</b>	<b>44,224,769</b>	<b>579,165,809</b>
<b>As at 31 December 2018 (audited)</b>									
At revalued amount	5,179,377	234,939,104	18,064,112	79,958,563	147,498,814	160,974,494	19,587,200	34,126,247	700,327,911
Accumulated depreciation and impairment	-	(35,418,917)	(3,867,566)	(11,017,271)	(41,898,491)	-	(9,969,532)	(304,692)	(102,476,469)
<b>Net book value</b>	<b>5,179,377</b>	<b>199,520,187</b>	<b>14,196,546</b>	<b>68,941,292</b>	<b>105,600,323</b>	<b>160,974,494</b>	<b>9,617,668</b>	<b>33,821,555</b>	<b>597,851,442</b>

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

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

As at 30 June 2019 the initial cost and corresponding accumulated depreciation of fully depreciated, but still in use plant and equipment were 1,731,677 thousand Tenge (31 December 2018: 745,490 thousand Tenge).

Due to significant changes in the oil price on domestic market, the fair value of the Company's technological oil in the reporting period ended 30 June 2019 was reduced for the amount of 9,152,746 thousand Tenge through other comprehensive income (in the reporting period ended 30 June 2018 the technological oil value increased by 44,701,053 thousand Tenge through other comprehensive income).

The amount of depreciation for the six months ended 30 June 2019 included in the cost of construction in progress was 14,824 thousand Tenge (for the six months ended 30 June 2018: 16,762 thousand Tenge).

### 4. RIGHT-OF-USE ASSETS

Right-of-use assets as at 30 June 2019 are as follows:

<i>In thousands of Tenge</i>	Right-of-use assets				Total
	Land	Transportation assets	Buildings and constructions	Machinery, equipment and transfer devices	
<b>Net book value as at 31 December 2018 (audited)</b>	-	-	-	-	-
Changes in accounting policy (Note 2)	97,419	4,512,445	373,420	-	4,983,284
Additions (Note 15)	-	-	-	341,652	341,652
Amortization charge (Note 15)	(5,542)	(627,404)	(36,873)	(30,774)	(700,593)
<b>Net book value as at 30 June 2019 (unaudited)</b>	<b>91,877</b>	<b>3,885,041</b>	<b>336,547</b>	<b>310,878</b>	<b>4,624,343</b>
<b>As at 30 June 2019 (unaudited)</b>					
At cost	131,814	6,106,397	399,633	341,652	6,979,496
Accumulated amortization	(39,937)	(2,221,356)	(63,086)	(30,774)	(2,355,153)
<b>Net book value</b>	<b>91,877</b>	<b>3,885,041</b>	<b>336,547</b>	<b>310,878</b>	<b>4,624,343</b>

### 5. LONG-TERM ACCOUNTS RECEIVABLE

As at 30 June 2019 long-term receivables amounted to 1,405,250 thousand Tenge. The receivables at the end of the reporting period includes the discounted value of forthcoming cash inflows related to the sale of property of the administrative-residential building in Pavlodar. The Company received the first tranche in the amount of 282,157 thousand Tenge in April 2019.

### 6. TRADE AND OTHER ACCOUNTS RECEIVABLE

Trade and other accounts receivable as at 30 June 2019 and 31 December 2018 are as follows:

<i>In thousands of Tenge</i>	30 June 2019 (unaudited)	31 December 2018 (audited)
Trade accounts receivable from related parties (Note 24)	1,941,922	1,971,613
Trade accounts receivable from third parties	1,836,541	2,352,187
Other accounts receivable from third parties	748,361	725,594
Other accounts receivable from related parties (Note 24)	509	19,761
	<b>4,527,333</b>	<b>5,069,155</b>
Less: allowance for expected credit losses	(830,639)	(826,376)
<b>Total</b>	<b>3,696,694</b>	<b>4,242,779</b>

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

### 6. TRADE AND OTHER ACCOUNTS RECEIVABLE (continued)

Trade and other accounts receivable of the Company as at 30 June 2019 and 31 December 2018 are denominated in the following currencies:

<i>In thousands of Tenge</i>	30 June 2019 (unaudited)	31 December 2018 (audited)
Tenge	3,693,355	4,240,874
Other currency	3,339	1,905
<b>Total</b>	<b>3,696,694</b>	<b>4,242,779</b>

### 7. ADVANCES TO SUPPLIERS

Advances to suppliers as at 30 June 2019 and 31 December 2018 are as follows:

<i>In thousands of Tenge</i>	30 June 2019 (unaudited)	31 December 2018 (audited)
Advances to third parties	1,365,448	312,998
Advances to related parties (Note 24)	348,112	225,799
	<b>1,713,560</b>	<b>538,797</b>
Less: impairment	(784)	(647)
<b>Total</b>	<b>1,712,776</b>	<b>538,150</b>

### 8. OTHER CURRENT ASSETS

Other current assets as at 30 June 2019 and 31 December 2018 are as follows:

<i>In thousands of Tenge</i>	30 June 2019 (unaudited)	31 December 2018 (audited)
Due for oil transportation coordination services	3,327,284	7,653,717
Prepaid insurance	611,984	128,906
Due from employees	59,600	11,357
Deferred expenses	2,133	5,338
<b>Total</b>	<b>4,001,001</b>	<b>7,799,318</b>

### 9. INTEREST FREE LOAN TO RELATED PARTY

In order to maintain operating activities of BOT, on 25 February 2019 the Company provided a financial aid to BOT based on the decision made by the Management Board in the amount of 1,500 thousand US Dollars (equivalent to 565,095 thousand Tenge), the financial aid term of 1 year with the possibility of prolongation. As at 30 June 2019 the book value of interest free loan minus discount and expected credit losses amounted to 517,051 thousand Tenge (Note 24).

### 10. BANK DEPOSITS

Bank deposits as at 30 June 2019 and 31 December 2018 are as follows:

<i>In thousands of Tenge</i>	30 June 2019 (unaudited)	31 December 2018 (audited)
Short-term bank deposits – US Dollars	7,610,600	25,357,200
Long-term bank deposits – Tenge	2,441,348	2,802,206
Accrued interest on deposits – Tenge	43,722	53,150
Accrued interest on deposits – US Dollars	4,766	41,315
Less: allowance for expected credit losses	(31,415)	(51,592)
<b>Total</b>	<b>10,069,021</b>	<b>28,202,279</b>

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

### 10. BANK DEPOSITS (continued)

In accordance with the maturity, bank deposits as at 30 June 2019 and 31 December 2018 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2019 (unaudited)</b>	<b>31 December 2018 (audited)</b>
Short-term bank deposits with maturity under 1 year	7,648,717	25,424,203
Long-term bank deposits with maturity over 1 year	2,420,304	2,778,076
<b>Total</b>	<b>10,069,021</b>	<b>28,202,279</b>

As at 30 June 2019 bank deposits comprised of the following:

- US Dollars denominated short-term deposits with maturity from 3 to 12 months, with interest of 0.6% per annum (as at 31 December 2018: from 0.5% to 0.7% per annum), maturing in November 2019 (as at 31 December 2018: maturing from January to June 2019);
- Restricted long-term bank deposits with interest from 2% to 3.5% per annum maturing in 2028 and 2024, respectively (as at 31 December 2018: from 2% to 3.5% per annum maturing in 2029 and 2027, respectively), arranged for the purpose of preferential lending rates for the Company's employees for the purchase of residential property.

### 11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2019 and 31 December 2018 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2019 (unaudited)</b>	<b>31 December 2018 (audited)</b>
Time deposits with banks – Tenge	36,939,893	27,107,538
Current accounts with banks – US Dollars	42,768,323	2,226,640
Current accounts with banks – Tenge	763,871	960,416
Current accounts with banks – Russian Rubles	33,151	31,447
Other current accounts with banks	16,931	21,567
Cash on hand	190	378
Less: allowance for expected credit losses	(25,372)	(22,862)
<b>Total</b>	<b>80,496,987</b>	<b>30,325,124</b>

As at 30 June 2019:

- Current accounts and time deposits with maturity less than 3 months in Tenge placed with Kazakhstani banks carried interest ranging from 6.75% to 7.50% per annum (as at 31 December 2018: from 6.55% to 7.50% per annum);
- Interest for current account placed in US Dollars is 0.25% per annum (as at 31 December 2018: 0.25% per annum).

### 12. NON-CURRENT ASSETS HELD FOR SALE

Changes in non-current assets held for sale for the six months ended on 30 June 2019 are as follows:

<i>In thousands of Tenge</i>	
<b>As at 31 December (audited)</b>	<b>2,406,231</b>
Transfers from property, plant and equipment (Note 3)	149,176
Impairment (Note 21)	(960,745)
Sold	(1,445,486)
<b>As at 30 June (unaudited)</b>	<b>149,176</b>

As at 30 June 2019 the Company classified certain vehicles as non-current assets held for sale, as their carrying amount is planned to be recovered through sale rather than through continuing use. These assets were recognized at the lower of their carrying amount and fair value less costs to sell and are available for immediate sale in their present condition.

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

### 12. NON-CURRENT ASSETS HELD FOR SALE (continued)

Based on the offer on purchase the property of an administrative-residential building in Pavlodar, which was in non-current assets held for sale as at 31 December 2018, the Company recognized the impairment of the carrying value of this asset to fair value less costs to sell in the amount of 945,900 thousand Tenge in the reporting period. In addition, due to the presence of indications of impairment for some vehicles, which were in non-current assets held for sale as at 31 December 2018, the Company estimated the fair value of these assets in the current reporting period, and as a result, recognized the impairment in the amount of 14,845 thousand Tenge. Thus, the total amount of recognized impairment for the period amounted to 960,745 thousand Tenge (*Note 21*).

During the reporting period, the Company sold the property of the administrative-residential building in Pavlodar on terms of instalment payments over a ten year period, as well as certain vehicles and received cash (including first tranche for property of the administrative-residential building in Pavlodar) in the total amount of 288,008 thousand Tenge. The net amount of income from the sales of the above-mentioned assets amounted to 5,997 thousand Tenge (*Note 21*).

In the reporting period ended 30 June 2018, the Company classified the property of the “Astrakhan-Mangyshlak” main water pipeline as non-current assets held for sale in the amount of 21,988,735 thousand Tenge and received cash as advances received in the amount of 26,002,497 thousand Tenge. These assets had been sold in the second half of 2018.

### 13. EQUITY

#### Asset revaluation reserve

Revaluation reserve was formed based on a revaluation of property, plant and equipment of the Company. Change in the asset revaluation reserve of the Company for the six months ended 30 June 2019 is mainly due to the impairment of technological oil (*Note 3*) and amortization of this reserve. As a result, the book value of the asset revaluation reserve as at 30 June 2019 is 184,080,754 thousand Tenge (as at 31 December 2018: 198,867,282 thousand Tenge).

#### Dividends

As at 30 June 2019 the Company accrued dividends payable according to the decision of the general meeting of shareholders dated 28 May 2019 in the amount of 40,001,322 thousand Tenge based on the results of 2018 (calculated as 104 Tenge per 1 share), with the use of net income received in 2018, in the amount of 38,484,983 thousand Tenge and retained earnings of previous years in the amount of 1,516,339 thousand Tenge, from which 36,001,892 thousand Tenge will be paid to KMG (*Note 24*) and 3,999,430 thousand Tenge to minority shareholders.

During the six months period of 2018, the Company accrued dividends based on the results of 2017 in the amount of 61,540,496 thousand Tenge (calculated as 160 Tenge per 1 share), including KMG – 55,387,527 thousand Tenge and minority shareholders – 6,152,969 thousand Tenge. As at 30 June 2018 the amount of dividends paid was 42,540,496 thousand Tenge, including KMG – 36,387,527 thousand Tenge (*Note 24*), the remaining 19,000,000 thousand Tenge had been paid in the second half of 2018 by the Company.

#### 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>	For the six months ended 30 June (unaudited)	
	2019	2018
<b>Net profit attributable to ordinary equity holders</b>	<b>30,690,440</b>	<b>28,852,979</b>
Weighted average number of ordinary shares for the period for basic earnings per share	384,628,099	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>80</b>	<b>75</b>

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

### 13. EQUITY (continued)

#### 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>	30 June 2019 (unaudited)	31 December 2018 (audited)
<b>Total assets</b>	<b>758,533,273</b>	<b>744,189,248</b>
Less: intangible assets	(1,304,418)	(1,511,705)
Less: total liabilities	(192,976,122)	(161,142,532)
<b>Net assets for calculation of book value per ordinary share</b>	<b>564,252,733</b>	<b>581,535,011</b>
Number of ordinary shares	384,628,099	384,628,099
<b>Book value per ordinary share (in Tenge)</b>	<b>1,467</b>	<b>1,512</b>

### 14. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 30 June 2019 and 31 December 2018 are as follows:

<i>In thousands of Tenge</i>	30 June 2019 (unaudited)	31 December 2018 (audited)
Trade accounts payable to third parties for goods and services	3,986,241	8,018,198
Trade accounts payable to related parties for goods and services (Note 24)	2,016,752	3,215,782
Other accounts payable to third parties	883,789	682,590
Other accounts payable to related parties (Note 24)	82	3,190
<b>Total</b>	<b>6,886,864</b>	<b>11,919,760</b>

As at 30 June 2019 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 2,012,658 thousand Tenge (as at 31 December 2018: 5,251,686 thousand Tenge).

Trade and other accounts payable as at 30 June 2019 and 31 December 2018 are denominated in the following currencies:

<i>In thousands of Tenge</i>	30 June 2019 (unaudited)	31 December 2018 (audited)
Tenge	6,861,308	11,867,720
Russian Rubles	14,182	3,770
US Dollars	11,374	29,816
Euro	-	18,454
<b>Total</b>	<b>6,886,864</b>	<b>11,919,760</b>

### 15. LEASE LIABILITIES

Lease liabilities as at 30 June 2019 and 31 December 2018 are as follows:

<i>In thousands of Tenge</i>	30 June 2019 (unaudited)	31 December 2018 (audited)
Non-current portion of obligations	3,163,567	-
Current portion of obligations	1,852,410	-
<b>Total</b>	<b>5,015,977</b>	<b>-</b>

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

### 15. LEASE LIABILITIES (continued)

Changes in the present value of obligations for the six months ended 30 June 2019 are as follows:

*In thousands of Tenge*

<b>As at 31 December 2018 (audited)</b>	–
Changes in accounting policy (Note 2)	5,513,329
Additions for the period (Note 4)	341,652
Unwinding of discount on obligations (Note 22)	324,269
Transfer from trade and other payables	161,527
Payments for the period	(1,324,800)
<b>As at 30 June 2019 (unaudited)</b>	<b>5,015,977</b>

The information below describes the cost of expenses reflected in the separate statement of comprehensive income:

	<b>For the six months ended 30 June 2019 (unaudited)</b>
<i>In thousands of Tenge</i>	
Right-of-use assets amortization (Note 4)	700,593
Unwinding of discount on obligations (Note 22)	324,269
Low-value assets lease expenses (Note 19)	1,134
<b>Total</b>	<b>1,025,996</b>

### 16. PROVISIONS

#### Short-term provisions

The movement in provisions for the six months ended 30 June 2019 is as follows:

<i>In thousands of Tenge</i>	<b>Provision on compensating tariff</b>	<b>Sponsorship</b>	<b>Other provisions</b>	<b>Total</b>
<b>As at 31 December 2018 (audited)</b>	1,046,994	–	41,125	1,088,119
Charge for the period	–	1,200,000	315,138	1,515,138
Used in the reporting period	(1,034,314)	(1,200,000)	(297,039)	(2,531,353)
<b>As at 30 June 2019 (unaudited)</b>	<b>12,680</b>	<b>–</b>	<b>59,224</b>	<b>71,904</b>

Pursuant to the instructions of the Head of state from 29 September 2018 and the decision of the Management Board of KMG from 11 February 2019, as well as the decision of the Board of Directors of the Company from 29 January 2019, the Company in the reporting period provided sponsorship for the construction of the facility in Turkestan in the amount of 2,200,000 thousand Tenge (Note 20) of which 1,200,000 thousand Tenge was paid from the reserve accrued in March 2019.

In addition, in accordance with the act of verification CRNMPCandCR and the subsequent decision of the judicial authorities the Company as at 30 June 2019 recognized other provisions on payment of administrative fines in the amount of 315,138 thousand Tenge (Note 20).

#### Long-term provisions

##### *Asset retirement and land recultivation obligation*

The movement of provision for asset retirement and land recultivation obligation for the six months ended 30 June 2019 and 2018 is as follows:

	<b>For the six months ended 30 June</b>	
<i>In thousands of Tenge</i>	<b>2019</b>	<b>2018</b>
<b>At the beginning of the period (audited)</b>	<b>21,109,397</b>	<b>15,347,322</b>
Revision of estimates through profit and loss (Note 21)	1,168,348	72,577
Revision of estimates through other comprehensive loss	533,366	830,586
Unwinding of discount (Note 22)	920,360	673,678
<b>At the end of the period (unaudited)</b>	<b>23,731,471</b>	<b>16,924,163</b>

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

### 16. PROVISIONS (continued)

#### Long-term provisions (continued)

##### *Asset retirement and land recultivation obligation (continued)*

As at 30 June 2019 the Company revised the long-term provisions considering current best estimate, which was based on the discount rate of 8.20% (as at 31 December 2018: 8.91%). As at 30 June 2019 and 31 December 2018 the inflation rate was 5.47%.

### 17. OTHER CURRENT LIABILITIES

Other current liabilities as at 30 June 2019 and 31 December 2018 are as follows:

<i>In thousands of Tenge</i>	30 June 2019 (unaudited)	31 December 2018 (audited)
Liability for oil transportation coordination services to related parties (Note 24)	7,377,995	8,437,279
Liability for oil transportation coordination services to third parties	4,376,981	4,319,474
Salaries and other compensations	4,205,412	10,034,627
Payable to pension fund	417,112	784,099
Other accruals	144,535	150,611
<b>Total</b>	<b>16,522,035</b>	<b>23,726,090</b>

Salaries and other compensations include current salary payable and vacation payments payable. The decrease in this liabilities in the reporting period is due to the payment of remuneration on the results of 2018.

### 18. REVENUE

Revenue for the six months ended 30 June 2019 and 2018 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2019	2018
Crude oil transportation	99,942,569	93,133,439
Pipeline operation services	8,294,414	5,394,140
Fees for undelivered oil volumes	2,386,044	2,302,761
Oil transportation coordination services	347,970	359,325
Oil storage services	36,768	39,986
Water transportation	-	3,615,285
Other	73,263	57,145
<b>Total</b>	<b>111,081,028</b>	<b>104,902,081</b>
<b>Geographic regions</b>		
Kazakhstan	99,189,396	96,742,808
Russia	11,891,632	7,859,741
Uzbekistan	-	299,532
<b>Total revenue under contracts with customers</b>	<b>111,081,028</b>	<b>104,902,081</b>
<b>Timing of revenue recognition</b>		
At a point in time	102,786,614	99,507,941
Over time	8,294,414	5,394,140
<b>Total revenue under contracts with customers</b>	<b>111,081,028</b>	<b>104,902,081</b>

For the six months ended 30 June 2019 the revenue from three major customers amounted to 26,522,855 thousand Tenge, 15,987,973 thousand Tenge and 7,920,182 thousand Tenge (for the six months ended 30 June 2018: 24,753,535 thousand Tenge, 14,505,590 thousand Tenge and 6,914,102 thousand Tenge, respectively).

Lack of revenue from water transportation in the reporting period is related to transfer of Company's water transportation activity to the Main Waterline from 2 July 2018.

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

## 19. COST OF SALES

Cost of sales for the six months ended 30 June 2019 and 2018 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2019	2018
Depreciation and amortization	23,873,593	23,814,764
Personnel costs	19,349,739	19,743,069
Taxes other than income tax	3,934,753	4,007,637
Repair and maintenance	2,891,811	2,622,071
Electric energy	2,602,419	3,622,792
Security services	2,295,220	2,284,979
Materials and fuel	1,951,259	2,047,429
Gas expense	1,386,510	1,550,708
Food and accommodation	981,520	830,653
Business trip expenses	397,481	408,581
Environmental protection	370,285	134,904
Post-employment benefits	261,297	270,410
Insurance	246,506	73,825
Air services	232,315	659,782
Obligatory social medical insurance	187,769	183,456
Communication services	184,970	120,988
Outstaffing services	173,447	170,549
Transportation services	79,326	748,964
Diagnostics of production assets	20,132	3,977
Asset lease (Note 15)	1,134	59,736
Other	766,732	577,071
<b>Total</b>	<b>62,188,218</b>	<b>63,936,345</b>

Decrease of electric energy in the reporting period is mainly related to transfer of Company's water transportation activity to the Main Waterline from 2 July 2018.

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

### 20. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the six months ended 30 June 2019 and 2018 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2019	2018
Personnel costs	2,547,453	2,732,843
Charity expenses (Note 16)	2,200,000	–
Depreciation and amortization	533,455	879,967
Administrative fines (Note 16)	315,138	–
Office maintenance	252,281	278,795
Business trip expenses	137,461	110,138
Repair and maintenance	128,914	205,459
Taxes other than income tax	113,817	173,046
Outstaffing services	91,375	84,416
Social sphere expenses	73,260	57,769
Communication services	69,910	48,625
Training	68,231	39,136
Information expenses	62,303	53,759
Write-off of VAT recoverable	42,949	67,172
Consulting services	35,510	37,097
Bank costs	29,858	35,231
Materials and fuel	25,587	32,867
Advertising expense	25,016	28,422
Insurance and security	21,938	36,986
Post-employment benefits	19,593	10,729
Obligatory social medical insurance	16,190	14,405
Transportation services	7,418	77,903
Charge of allowance for expected credit losses on trade receivables, net	4,263	44,865
Asset lease	–	11,695
Other	243,998	212,839
<b>Total</b>	<b>7,065,918</b>	<b>5,274,164</b>

The increase in charity expenses is associated with the sponsorship for the construction of a facility in the city of Turkestan in the amount of 2,200,000 thousand Tenge (Note 16).

### 21. OTHER OPERATING INCOME/EXPENSES

Other operating income/expenses for the six months ended 30 June 2019 and 2018 are as follows:

#### Other operating income

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2019	2018
Income from fines and penalties	665,063	107,397
Income from disposal of inventories, net	11,288	111,546
Income from sale of non-current assets held for sale, net (Note 12)	5,997	1,679
Other income	24,079	97,668
<b>Total</b>	<b>706,427</b>	<b>318,290</b>

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

### 21. OTHER OPERATING INCOME/EXPENSES (continued)

#### Other operating expenses

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2019	2018
Revision of estimates on provision on asset retirement and land recultivation obligation (Note 16)	1,168,348	72,577
Impairment of assets held for sale (Note 12)	960,745	–
Loss on disposal of property, plant and equipment and intangible assets, net	110,712	868,188
Impairment of property, plant and equipment (Note 3)	40,421	1,124
Other expenses	20,674	24,642
<b>Total</b>	<b>2,300,900</b>	<b>966,531</b>

### 22. FINANCE INCOME/EXPENSES

Finance income/expenses for the six months ended 30 June 2019 and 2018 are as follows:

#### Finance income

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2019	2018
Interest income on bank deposits and current accounts	1,099,915	1,603,819
Income from revision of bond's fair value	89,879	64,259
Reversal of allowance for expected credit losses of cash and cash equivalents and bank deposits, net	19,750	2,460
Unwinding of discount on interest-free loan	13,752	–
Other finance income	1,583	2,067
<b>Total</b>	<b>1,224,879</b>	<b>1,672,605</b>

#### Finance expenses

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2019	2018
Unwinding of discount on asset retirement and land recultivation obligation reserve (Note 16)	920,360	673,678
Interest cost on employee benefit obligations	622,175	555,551
Unwinding of discount on lease liabilities (Note 15)	324,269	–
Discounting of interest free loan	40,716	–
Charge of allowance for expected credit losses on interest free loan	26,094	–
<b>Total</b>	<b>1,933,614</b>	<b>1,229,229</b>

### 23. INCOME TAX EXPENSE

Income tax expenses for the six months ended 30 June 2019 and 2018 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June	
	2019	2018
Current income tax expense	9,662,378	8,673,561
Adjustments of the past periods	(83,663)	97,965
Deferred income tax benefit	(1,016,376)	(1,329,764)
<b>Income tax expense</b>	<b>8,562,339</b>	<b>7,441,762</b>

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

### 23. INCOME TAX EXPENSE (continued)

Movement in deferred income tax liabilities for the six months ended 30 June 2019 and 2018 is as follows:

<i>In thousands of Tenge</i>	<b>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
<b>At the beginning of the period (audited)</b>	<b>68,003,798</b>	<b>63,299,288</b>
Charged to profit and loss	(1,016,376)	(1,329,764)
Charged to other comprehensive (income)/loss	(1,938,663)	8,773,796
Changes in accounting policy (Note 2)	(106,009)	–
<b>At the end of the period (unaudited)</b>	<b>64,942,750</b>	<b>70,743,320</b>

### 24. 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 2019 and 2018 and also the related balances as at 30 June 2019 and 31 December 2018.

Non-current advances given to related parties for property, plant and equipment are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2019 (unaudited)</b>	<b>31 December 2018 (audited)</b>
<b>Non-current advances given to related parties for property, plant and equipment</b>		
Non-current advances to entities under common control of KMG	–	16,118
<b>Total non-current advances given to related parties for property, plant and equipment</b>	<b>–</b>	<b>16,118</b>

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

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2019 (unaudited)</b>	<b>31 December 2018 (audited)</b>
<b>Trade and other accounts receivable from related parties</b>			
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		811,531	816,489
Trade accounts receivable from joint ventures		799,916	994,993
Trade accounts receivable from entities under common control of KMG		330,475	160,131
<b>Total trade accounts receivable from related parties</b>	<b>6</b>	<b>1,941,922</b>	<b>1,971,613</b>
<b>Other accounts receivables from entities under common control of KMG and Samruk-Kazyna Group</b>			
		509	19,761
<b>Total other accounts receivable from related parties</b>	<b>6</b>	<b>509</b>	<b>19,761</b>
Less: allowance for expected credit losses		(2,365)	(5,177)
<b>Total trade and other accounts receivable from related parties</b>		<b>1,940,066</b>	<b>1,986,197</b>

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

### 24. RELATED PARTY TRANSACTIONS (continued)

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2019 (unaudited)</b>	<b>31 December 2018 (audited)</b>
<b>Advances paid to related parties</b>			
Advances paid to entities under common control of KMG		297,567	210,957
Advances paid to entities under common control of Samruk-Kazyna Group		50,545	14,842
<b>Total advances paid to related parties</b>	<b>7</b>	<b>348,112</b>	<b>225,799</b>

Interest free loan to related parties were presented as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2019 (unaudited)</b>	<b>31 December 2018 (audited)</b>
<b>Interest free loans to related party</b>			
Interest free loan to subsidiary		517,051	-
<b>Total interest free loans to related party</b>	<b>9</b>	<b>517,051</b>	<b>-</b>

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

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2019 (unaudited)</b>	<b>31 December 2018 (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		1,131,232	1,875,226
Trade accounts payable to entities under common control of Samruk-Kazyna Group		875,063	1,333,398
Trade accounts payable to joint ventures		10,457	7,158
<b>Total trade accounts payable to related parties for goods and services</b>	<b>14</b>	<b>2,016,752</b>	<b>3,215,782</b>
<b>Other payables to entities under common control of Samruk-Kazyna Group</b>			
		82	2,493
<b>Other payables to entities under common control of KMG</b>			
		-	697
<b>Total other payables to related parties</b>	<b>14</b>	<b>82</b>	<b>3,190</b>
<b>Total trade and other accounts payable to related parties</b>		<b>2,016,834</b>	<b>3,218,972</b>

Advances received from related parties are as follows:

<i>In thousands of Tenge</i>		<b>30 June 2019 (unaudited)</b>	<b>31 December 2018 (audited)</b>
<b>Advances received from related parties</b>			
Advances received from entities under common control of KMG		12,388,851	12,811,346
Advances received from entities under common control of Samruk-Kazyna Group		294,078	328,173
<b>Total advances received from related parties</b>		<b>12,682,929</b>	<b>13,139,519</b>

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

### 24. RELATED PARTY TRANSACTIONS (continued)

Dividends payable to the related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2019 (unaudited)	31 December 2018 (audited)
<b>Dividends payable to related parties</b>			
Dividends payable to the KMG		36,001,892	–
<b>Total dividends payable to related parties</b>	13	36,001,892	–

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2019 (unaudited)	31 December 2018 (audited)
<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		7,377,995	8,437,279
<b>Total accounts payable for oil transportation coordination services to related parties</b>	17	7,377,995	8,437,279
<b>Employee benefits obligation of key management personnel</b>			
Employee benefits obligation of key management personnel		54,805	55,559
<b>Total employee benefits obligation of key management personnel</b>		54,805	55,559
<b>Total other current liabilities to related parties</b>		7,432,800	8,492,838

The following tables provide the total amount of transactions, which have been entered into with related parties during the six months ended 30 June 2019 and 2018:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2019	2018
<b>Sales to related parties</b>		
Revenue from main activities with entities under common control of KMG	59,191,477	58,894,333
Revenue from main activities with joint ventures	4,675,078	4,641,277
Revenue from main activities with entities under common control of Samruk-Kazyna Group	3,967,163	1,837,090
Revenue from other activities with entities under common control of KMG	542,040	321,316
Revenue from other activities with entities under common control of Samruk-Kazyna Group	5,201	–
<b>Total</b>	<b>68,380,959</b>	<b>65,694,016</b>

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

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

### 24. RELATED PARTY TRANSACTIONS (continued)

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2019	2018
<b>Purchases from related parties</b>		
Purchases of property, plant and equipment and intangible assets from entities under common control of Samruk-Kazyna Group	10,797,231	587,470
Purchases of services from entities under common control of KMG	2,983,832	3,038,653
Purchases of services from entities under common control of Samruk-Kazyna Group	1,073,631	1,392,016
Purchases of inventory from subsidiary	727,439	1,640,998
Purchases of inventory from entities under common control of KMG	572,619	1,067,614
Purchases of property, plant and equipment and intangible assets from subsidiary	426,063	4,993,178
Purchases of services from subsidiaries	294,367	355,513
Purchases of property, plant and equipment and intangible assets from entities under common control of KMG	166,370	-
Purchases of services from joint ventures	41,232	12,932
Purchases of inventory from entities under common control of Samruk-Kazyna Group	90	-
<b>Total</b>	<b>17,082,874</b>	<b>13,088,374</b>

In the reporting period, the Company acquired property, plant and equipment from a related party under common control of Samruk-Kazyna Group in the amount of 10,797,231 thousand Tenge, as part of the projects under overhaul with replacement of the pipeline of the main oil pipeline Prorva-Kulsary and reconstruction of the "Astrakhan – Mangyshlak" water pipeline.

Cash flows to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2019 (unaudited)	31 December 2018 (audited)
<b>Cash flows to related parties</b>			
Granting of interest free loan to BOT	9	565,095	-
Payment of KMG dividends	13	-	36,387,527
Contribution to the share capital of the Main Waterline		-	26,202,497
<b>Total</b>		<b>565,095</b>	<b>62,590,024</b>

Total accrued compensation to key management personnel for the six months ended 30 June 2019 amounts to 167,319 thousand Tenge (for the six months ended 30 June 2018: 166,208 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal regulations.

### 25. 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 2018. During the six months ended 30 June 2019 there were no significant changes, except for the following:

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

As at 30 June 2019 the Company had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 33,945,367 thousand Tenge (31 December 2018: 38,869,144 thousand Tenge).

#### Investment program commitments

In accordance with the Law of the Republic of Kazakhstan *On Natural Monopolies*, the Company, as a subject of natural monopolies, within the approved maximum tariffs for 2015-2019, has an obligation to execute an investment program aimed at capital construction/reconstruction/overhaul/diagnostics of production facilities for 2015-2019.

In accordance with the above-mentioned law CRNMPCandCR is obliged to apply a compensating tariff for non-fulfillment of the approved investment program from the moment when decision on its application is made.

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

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**25. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****Investment program commitments (continued)**

As at 30 June 2019 Company's commitments for the execution of the investment program is 45.5 billion Tenge (31 December 2018: 51.8 billion Tenge).

In relation to production needs, in order to maintain the current level of production, in the second half of 2018, the Company sent to the Ministry of Energy of the Republic of Kazakhstan and CRNMPCandCR proposals for adjusting the above investment program for 2018-2019. In response to the Company's appeal, CRNMPCandCR refused to adjust the investment program in connection with the existing remarks, which accordingly entails the risk of applying a temporary compensating tariff for non-performance of certain measures of the investment program related to the services for pumping oil to the domestic market and returning unreasonably received income related to the water transportation service to consumers.

A temporary compensating tariff can be applied to the Company's services for pumping oil to the domestic market for twelve months, starting from 1 July 2020. In relation to the water transportation service, the Company assesses the risk of returning unreasonably received income as remote, since starting from 2 July 2018, this activity has been transferred to the subsidiary "Main Waterline" LLP.

In turn, the Company disagreeing with remarks of CRNMPCandCR will appeal its refusal to adjust the above-mentioned investment program in court.

**Oil contamination in Druzhba pipeline**

In connection with cases of oil contamination detected in April of this year in the Druzhba pipeline owned by "Transneft" PJSC, the Company determined that it would not incur any costs associated with cases of contamination of Kazakh oil in this pipeline, because under the agreement on provision of transportation services for Kazakh oil in transit through the territory of the Russian Federation for 2019 between the Company and "Transneft" PJSC, the last one should compensate to the Kazakh oil companies with documented expenses.

**26. 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.

**27. SUBSEQUENT EVENTS****Dividends payable**

Based on the decision of General meeting of shareholders of the Company, on 3 July 2019 the Company paid dividends in the amount of 40,001,322 thousand Tenge (*Note 13*).

**Contribution to the share capital of subsidiary**

On 5 July 2019 the Company made a contribution to the share capital of the Main Waterline in the total amount of 7,140,716 thousand Tenge, including property, plant and equipment with fair value of 7,046,699 thousand Tenge.