

**KazTransOil JSC**

**Interim condensed consolidated financial statements**

*For the nine months ended 30 September 2021*

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## Report on review of interim condensed consolidated financial statements

To the Shareholders of KazTransOil JSC

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of KazTransOil JSC and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 September 2021, interim consolidated statement of comprehensive income for the three- nine-month periods then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-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 is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

*Ernst & Young LLP*

Adil Syzdykov  
Auditor



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

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

12 November 2021

Rustamzhan Sattarov  
General Director  
Ernst and Young LLP



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

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>As at 30 September 2021 (unaudited)</b>	<b>As at 31 December 2020 (audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	769,306,768	667,480,058
Right-of-use assets		1,473,538	2,547,819
Intangible assets		7,067,660	7,167,364
Investments in joint ventures	4	72,420,183	63,422,815
Advances to suppliers for property, plant and equipment	5	2,184,823	74,922
VAT recoverable	7	3,041,617	2,047,148
Other long-term accounts receivable	6	1,123,648	983,401
Bank deposits	9	1,538,129	3,569,402
Investments in bonds		1,041,916	913,746
Other non-current assets		91,951	90,917
		<b>859,290,233</b>	<b>748,297,592</b>
<b>Current assets</b>			
Inventories		9,987,181	8,234,956
Trade and other accounts receivable	6	5,920,298	4,266,802
Advances to suppliers		638,497	724,318
Prepayment for income tax		921,144	1,350,911
VAT recoverable and other prepaid taxes	7	6,421,965	8,014,017
Other current assets	8	3,820,760	8,285,445
Bank deposits	9	8,536,285	27,342,909
Cash and cash equivalents	10	55,896,121	52,014,612
		<b>92,142,251</b>	<b>110,233,970</b>
Non-current assets held for sale		<b>605,815</b>	<b>630,839</b>
		<b>92,748,066</b>	<b>110,864,809</b>
<b>Total assets</b>		<b>952,038,299</b>	<b>859,162,401</b>

*The accounting policy and explanatory notes on pages 8 through 32 form an integral part of these interim condensed consolidated financial statements.*

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

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>As at 30 September 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	11	280,497,222	221,632,815
Foreign currency translation reserve		39,812,113	38,325,342
Other capital reserves		(5,999,468)	(5,999,468)
Retained earnings		348,219,294	336,631,554
<b>Total equity</b>		<b>724,457,179</b>	<b>652,518,261</b>
<b>Non-current liabilities</b>			
Employee benefit obligations		22,549,006	21,559,008
Deferred tax liabilities	21	77,687,625	62,221,923
Provision for asset retirement and land recultivation obligation	14	33,594,599	33,688,837
Contract liabilities to customers	12	30,641,889	8,693,200
Lease liabilities		430,601	1,415,473
		<b>164,903,720</b>	<b>127,578,441</b>
<b>Current liabilities</b>			
Current part of employee benefit obligations		758,563	693,235
Income tax payable		1,763,841	1,057,326
Trade and other accounts payable	13	10,592,060	22,352,736
Contract liabilities to customers	12	21,717,968	21,470,201
Lease liabilities		1,434,929	1,994,823
Other taxes payable		6,085,747	5,418,739
Provisions	14	1,498,220	1,269,350
Other current liabilities	15	18,826,072	24,809,289
		<b>62,677,400</b>	<b>79,065,699</b>
<b>Total liabilities</b>		<b>227,581,120</b>	<b>206,644,140</b>
<b>Total equity and liabilities</b>		<b>952,038,299</b>	<b>859,162,401</b>
<b>Book value per ordinary share (in Tenge)</b>	11	<b>1,865</b>	<b>1,678</b>

Signed and approved for issue on 12 November 2021.

General Director (Chairman of the Management Board)



*Dossanov D.G.*

Chief Accountant



*Sarmagambetova M.K.*

*The accounting policy and explanatory notes on pages 8 through 32 form an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>For the three months ended 30 September (unaudited)</b>		<b>For the nine months ended 30 September (unaudited)</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue	16	60,323,211	58,316,408	177,126,983	176,997,228
Cost of sales	17	(43,025,674)	(39,521,236)	(119,387,306)	(113,455,688)
<b>Gross profit</b>		<b>17,297,537</b>	<b>18,795,172</b>	<b>57,739,677</b>	<b>63,541,540</b>
General and administrative expenses	18	(2,734,735)	(4,061,557)	(9,412,033)	(9,872,776)
Other operating income	19	606,356	218,446	2,404,826	3,069,162
Other operating expenses	19	(89,882)	(607,874)	(385,690)	(2,491,525)
<b>Operating profit</b>		<b>15,079,276</b>	<b>14,344,187</b>	<b>50,346,780</b>	<b>54,246,401</b>
Net foreign exchange gain/(loss)		(125,209)	1,979,893	49,261	5,753,066
Finance income	20	709,034	667,969	2,809,209	2,187,265
Finance expenses	20	(908,942)	(986,028)	(2,896,667)	(2,801,381)
Share in income of joint ventures	4	4,000,445	657,069	10,408,127	4,288,050
<b>Profit before income tax</b>		<b>18,754,604</b>	<b>16,663,090</b>	<b>60,716,710</b>	<b>63,673,401</b>
Income tax expense	21	(3,300,620)	(2,893,310)	(11,409,298)	(11,733,136)
<b>Net profit for the period</b>		<b>15,453,984</b>	<b>13,769,780</b>	<b>49,307,412</b>	<b>51,940,265</b>
<b>Earnings per share (in Tenge)</b>	11	<b>40</b>	<b>36</b>	<b>128</b>	<b>135</b>
<b>Other comprehensive income/(loss)</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange difference from translation of foreign operations of the Group		54,929	933,766	1,486,771	1,556,889
<b>Total other comprehensive income to be reclassified to profit or loss in subsequent periods, net</b>		<b>54,929</b>	<b>933,766</b>	<b>1,486,771</b>	<b>1,556,889</b>

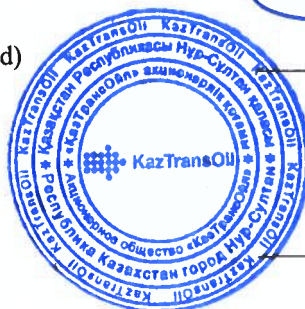
*The accounting policy and explanatory notes on pages 8 through 32 form an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**

In thousands of Tenge	Notes	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
		2021	2020	2021	2020
<b>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</b>					
Revaluation/(impairment) of property, plant and equipment of the Group, net		<b>20,646,900</b>	8,064,968	<b>88,956,362</b>	(65,454,437)
Income tax effect	21	<b>(4,129,380)</b>	(1,612,994)	<b>(17,791,272)</b>	13,090,887
		<b>16,517,520</b>	6,451,974	<b>71,165,090</b>	(52,363,550)
Reversal/(charge) of provision for asset retirement and land recultivation obligation of the Group	14	<b>(1,069,374)</b>	(4,408,177)	<b>451,641</b>	(2,911,745)
Income tax effect	21	<b>213,875</b>	881,635	<b>(90,328)</b>	582,349
		<b>(855,499)</b>	(3,526,542)	<b>361,313</b>	(2,329,396)
Reversal/(charge) of provision on asset retirement and land recultivation obligation of the joint ventures		<b>405</b>	(450,747)	<b>486,551</b>	(639,672)
Income tax effect		<b>(81)</b>	90,149	<b>(97,310)</b>	127,935
	4	<b>324</b>	(360,598)	<b>389,241</b>	(511,737)
<b>Total other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods, net</b>					
		<b>15,662,345</b>	2,564,834	<b>71,915,644</b>	(55,204,683)
<b>Total other comprehensive income/ (loss) for the period, net of tax</b>					
		<b>15,717,274</b>	3,498,600	<b>73,402,415</b>	(53,647,794)
<b>Total comprehensive income/(loss) for the period, net of tax</b>					
		<b>31,171,258</b>	17,268,380	<b>122,709,827</b>	(1,707,529)

Signed and approved for issue on 12 November 2021.

General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant

Sarmagambetova M.K.

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**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>For the nine months ended 30 September (unaudited)</b>	
		<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>60,716,710</b>	63,673,401
<b>Non-cash adjustment to reconcile profit before income tax to net cash flows</b>			
Depreciation and amortization	17, 18	<b>40,211,960</b>	41,110,995
Foreign exchange gain		<b>(49,261)</b>	(5,753,066)
Share in income of joint ventures	4	<b>(10,408,127)</b>	(4,288,050)
Finance expenses	20	<b>2,896,667</b>	2,801,381
Finance income	20	<b>(2,809,209)</b>	(2,187,265)
Write-off of VAT recoverable	18, 19	<b>45,620</b>	1,968,868
Reversal and revision of estimates on provision on asset retirement and land recultivation obligation, net	19	<b>(1,426,573)</b>	(1,181,546)
Employee benefits expenses, current service costs	17, 18	<b>768,136</b>	490,360
Charge/(reversal) of short-term provisions	18, 19	<b>510,489</b>	(37,054)
Amortisation of deferred income	12, 19	<b>(1,076,878)</b>	(198,764)
Impairment of non-current assets held for sale	19	<b>7,942</b>	232,631
Income on disposal of non-current assets held for sale, net	19	<b>(40,253)</b>	(42,593)
Loss on disposal of property, plant and equipment and intangible assets, net	19	<b>73,031</b>	71,933
(Reversal)/charge of allowance for expected credit losses, net	18	<b>(25,662)</b>	63,620
Others		<b>(53,121)</b>	57,472
<b>Operating cash flows before working capital changes</b>		<b>89,341,471</b>	96,782,323
<b>(Increase)/decrease in operating assets</b>			
Other current assets		<b>4,406,285</b>	2,502,221
Inventories		<b>(570,702)</b>	(1,920,242)
VAT recoverable and other prepaid taxes		<b>1,129,256</b>	(900,124)
Trade and other accounts receivable		<b>(1,672,358)</b>	(517,538)
Advances to suppliers		<b>87,171</b>	504,892
<b>Increase/(decrease) in operating liabilities</b>			
Other current and non-current liabilities and employee benefit obligations		<b>(7,514,158)</b>	(10,271,249)
Trade and other accounts payable		<b>(3,359,274)</b>	(2,055,550)
Contract liabilities to customers		<b>(1,840,726)</b>	769,210
Other taxes payable		<b>357,438</b>	365,096
<b>Cash generated from operating activities</b>		<b>80,364,403</b>	85,259,039
Income taxes paid		<b>(12,419,630)</b>	(12,604,427)
Interest received		<b>1,959,686</b>	1,610,803
<b>Net cash flows from operating activities</b>		<b>69,904,459</b>	74,265,415

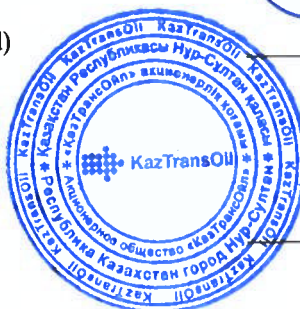
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**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

In thousands of Tenge	Notes	For the nine months ended 30 September (unaudited)	
		2021	2020
<b>Cash flows from investing activities</b>			
Withdrawal of bank deposits		42,674,947	47,953,747
Purchase of property, plant and equipment and intangible assets		(36,949,064)	(28,497,306)
Placement of bank deposits		(21,401,154)	(20,550,300)
Dividends received from joint venture	4	1,800,000	–
Payment of contribution liability to charter capital of a joint venture	23	–	(5,000,000)
Proceeds from bonds redemption		172,394	211,933
Proceeds from sale of non-current assets held for sale and property, plant and equipment		51,357	135,709
<b>Net cash flows used in investing activities</b>		<b>(13,651,520)</b>	<b>(5,746,217)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	11	(50,770,909)	(45,386,116)
Payment of lease liabilities		(1,769,175)	(1,755,398)
<b>Net cash flows used in financing activities</b>		<b>(52,540,084)</b>	<b>(47,141,514)</b>
<b>Net change in cash and cash equivalents</b>		<b>3,712,855</b>	<b>21,377,684</b>
Effects of changes in exchange rates on cash and cash equivalents		169,167	2,935,756
Change in allowance for expected credit losses		(513)	11,754
Cash and cash equivalents at the beginning of the period		52,014,612	28,649,091
<b>Cash and cash equivalents at the end of the period</b>		<b>55,896,121</b>	<b>52,974,285</b>

Signed and approved for issue on 12 November 2021.

General Director (Chairman of the Management Board)



*[Signature]*  
Dossanov D.G.

Chief Accountant

*[Signature]*  
Sarmagambetova M.K.

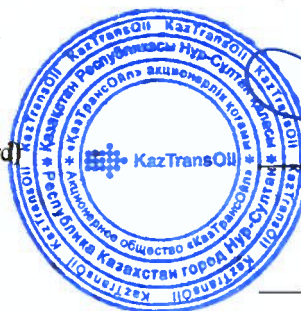
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**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<i>In thousands of Tenge</i>	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Foreign currency translation reserve	Other capital reserves	Retained earnings	Total
<b>As at 31 December 2020 (audited)</b>	61,937,567	(9,549)	221,632,815	38,325,342	(5,999,468)	336,631,554	652,518,261
Net profit for the period	-	-	-	-	-	49,307,412	49,307,412
Other comprehensive income	-	-	71,915,644	1,486,771	-	-	73,402,415
<b>Total comprehensive income for the period</b>	-	-	71,915,644	1,486,771	-	49,307,412	122,709,827
Amortization of revaluation reserve for property, plant and equipment	-	-	(13,051,237)	-	-	13,051,237	-
Dividends (Note 11)	-	-	-	-	-	(50,770,909)	(50,770,909)
<b>As at 30 September 2021 (unaudited)</b>	61,937,567	(9,549)	280,497,222	39,812,113	(5,999,468)	348,219,294	724,457,179
<b>As at 31 December 2019 (audited)</b>	61,937,567	(9,549)	299,585,499	37,737,309	(1,893,432)	305,621,572	702,978,966
Net profit for the period	-	-	-	-	-	51,940,265	51,940,265
Other comprehensive (loss)/income	-	-	(55,204,683)	1,556,889	-	-	(53,647,794)
<b>Total comprehensive (loss)/income for the period</b>	-	-	(55,204,683)	1,556,889	-	51,940,265	(1,707,529)
Amortization of revaluation reserve for property, plant and equipment	-	-	(14,535,488)	-	-	14,535,488	-
Dividends (Note 11)	-	-	-	-	-	(45,386,116)	(45,386,116)
<b>As at 30 September 2020 (unaudited)</b>	61,937,567	(9,549)	229,845,328	39,294,198	(1,893,432)	326,711,209	655,885,321

Signed and approved for issue on 12 November 2021.

General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant

Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 8 through 32 form an integral part of these interim condensed consolidated financial statements.

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

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

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

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

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

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

The Company is the national operator of the Republic of Kazakhstan on the main oil pipeline. The Group operates network of main oil pipelines of 5,372 km and water pipelines of 2,049 km.

The company provides services on oil transportation via main pipelines, a transport expedition of Kazakhstani oil via pipeline networks of other states, services for the operation and maintenance of oil pipelines of other companies, including joint ventures of the Group. Group’s joint ventures MunaiTas and KCP own Kenkiyak – Atyrau, Kenkiyak – Kumkol, and Atasu – Alashankou pipelines mainly used for transportation of Kazakhstani crude oil, and also for transit of Russian oil to China.

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

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### 1. GENERAL INFORMATION (continued)

The Company is a natural monopolist and, respectively, is subject to regulation of the Committee on Regulation of Natural Monopolies 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.

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

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

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

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

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

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

These interim condensed consolidated financial statements for the nine months ended 30 September 2021 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 on 12 November 2021.

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

#### Basis of preparation

These interim condensed consolidated financial statements for the nine months ended 30 September 2021 have been prepared in accordance with International Financial Reporting Standards (hereafter – “IFRS”) IAS 34 *Interim Financial Reporting*.

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

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

These interim condensed consolidated 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. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency of the Company, Main Waterline and the joint ventures MunaiTas and KCP is Tenge. Functional currency of PTL and BOT is US Dollar, functional currency of BSP is Georgian Lari.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED 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 Group (continued)

The Group 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 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 impact on the interim condensed consolidated financial statements of the Group.

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

#### Seasonality of operations

The Group's operating costs are subject to seasonal fluctuations, with higher expenses for materials and repair, maintenance and other services usually expected in the 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 nine months ended 30 September 2021 and 2020 are as follows:

<i>Tenge</i>	<b>For the nine months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
US Dollars	<b>424.7</b>	409.23
Russian Rubles	<b>5.74</b>	5.78
Euro	<b>508.08</b>	460.04
Georgian Lari	<b>131.6</b>	135.03

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

<i>Tenge</i>	<b>30 September 2021</b>	<b>31 December 2020</b>
US Dollars	<b>425.7</b>	420.91
Russian Rubles	<b>5.85</b>	5.62
Euro	<b>493.64</b>	516.79
Georgian Lari	<b>137.68</b>	128.92

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

Property, plant and equipment as at 30 September 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>Land</b>	<b>Pipelines</b>	<b>Transporta- tion assets</b>	<b>Buildings and constructions</b>	<b>Machinery and equipment</b>	<b>Technological oil</b>	<b>Other</b>	<b>Construction in progress</b>	<b>Total</b>
<b>Gross carrying amount as at 1 January 2021 (audited)</b>	25,675,555	255,382,248	22,716,444	94,724,034	177,842,763	100,345,811	10,463,016	53,235,624	740,385,495
Foreign currency translation	<b>222,764</b>	–	<b>166,488</b>	<b>443,549</b>	<b>238,042</b>	–	<b>8,887</b>	<b>35,628</b>	<b>1,115,358</b>
Additions	<b>1,523</b>	<b>8,100</b>	<b>522,850</b>	–	<b>25,793,364</b>	–	<b>467,371</b>	<b>25,110,357</b>	<b>51,903,565</b>
Additions of asset retirement and land recultivation obligation ( <i>Note 14</i> )	–	<b>123,330</b>	–	–	–	–	–	–	<b>123,330</b>
Disposals	–	<b>(2,221,945)</b>	<b>(52,688)</b>	<b>(210,988)</b>	<b>(415,784)</b>	–	<b>(318,345)</b>	<b>(9,922)</b>	<b>(3,229,672)</b>
Revaluation (through revaluation reserve)	–	–	–	–	–	<b>88,975,241</b>	–	–	<b>88,975,241</b>
Transfers from construction in progress	–	<b>7,746,639</b>	<b>258,579</b>	<b>2,843,874</b>	<b>21,171,280</b>	–	<b>452,736</b>	<b>(32,473,108)</b>	–
Transfers to intangible assets	–	–	–	–	–	–	–	<b>(99,160)</b>	<b>(99,160)</b>
Transfers to non-current assets held for sale	<b>(31,069)</b>	–	–	<b>(13,495)</b>	–	–	–	–	<b>(44,564)</b>
<b>Gross carrying amount as at 30 September 2021 (unaudited)</b>	<b>25,868,773</b>	<b>261,038,372</b>	<b>23,611,673</b>	<b>97,786,974</b>	<b>224,629,665</b>	<b>189,321,052</b>	<b>11,073,665</b>	<b>45,799,419</b>	<b>879,129,593</b>
<b>Accumulated depreciation and impairment as at 1 January 2021 (audited)</b>	–	(19,452,527)	(4,066,407)	(9,257,007)	(35,601,123)	–	(4,494,361)	(34,012)	(72,905,437)
Foreign currency translation	–	–	<b>(46,058)</b>	<b>(26,296)</b>	<b>(48,102)</b>	–	<b>(1,377)</b>	–	<b>(121,833)</b>
Depreciation charge	–	<b>(11,208,810)</b>	<b>(2,256,671)</b>	<b>(5,273,869)</b>	<b>(18,210,733)</b>	–	<b>(1,636,593)</b>	–	<b>(38,586,676)</b>
Disposals	–	<b>819,521</b>	<b>51,713</b>	<b>201,736</b>	<b>402,876</b>	–	<b>312,747</b>	–	<b>1,788,593</b>
Impairment (through expenses)	–	<b>(889)</b>	–	–	–	–	–	–	<b>(889)</b>
Impairment (through revaluation reserve)	<b>(14,838)</b>	<b>(4,041)</b>	–	–	–	–	–	–	<b>(18,879)</b>
Transfers to non-current assets held for sale	<b>14,838</b>	–	–	<b>7,458</b>	–	–	–	–	<b>22,296</b>
<b>Accumulated depreciation and impairment as at 30 September 2021 (unaudited)</b>	<b>–</b>	<b>(29,846,746)</b>	<b>(6,317,423)</b>	<b>(14,347,978)</b>	<b>(53,457,082)</b>	<b>–</b>	<b>(5,819,584)</b>	<b>(34,012)</b>	<b>(109,822,825)</b>

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

<i>In thousands of Tenge</i>	<b>Land</b>	<b>Pipelines</b>	<b>Transporta- tion assets</b>	<b>Buildings and constructions</b>	<b>Machinery and equipment</b>	<b>Technological oil</b>	<b>Other</b>	<b>Construction in progress</b>	<b>Total</b>
<b>As at 30 September 2021 (unaudited)</b>									
Gross carrying amount	25,868,773	261,038,372	23,611,673	97,786,974	224,629,665	189,321,052	11,073,665	45,799,419	879,129,593
Accumulated depreciation and impairment	–	(29,846,746)	(6,317,423)	(14,347,978)	(53,457,082)	–	(5,819,584)	(34,012)	(109,822,825)
<b>Net book value</b>	<b>25,868,773</b>	<b>231,191,626</b>	<b>17,294,250</b>	<b>83,438,996</b>	<b>171,172,583</b>	<b>189,321,052</b>	<b>5,254,081</b>	<b>45,765,407</b>	<b>769,306,768</b>
<b>As at 1 January 2021 (audited)</b>									
Gross carrying amount	25,675,555	255,382,248	22,716,444	94,724,034	177,842,763	100,345,811	10,463,016	53,235,624	740,385,495
Accumulated depreciation and impairment	–	(19,452,527)	(4,066,407)	(9,257,007)	(35,601,123)	–	(4,494,361)	(34,012)	(72,905,437)
<b>Net book value</b>	<b>25,675,555</b>	<b>235,929,721</b>	<b>18,650,037</b>	<b>85,467,027</b>	<b>142,241,640</b>	<b>100,345,811</b>	<b>5,968,655</b>	<b>53,201,612</b>	<b>667,480,058</b>



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

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

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

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

As at 30 September 2021:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated property, plant and equipment still in use was 3,594,298 thousand Tenge (as at 31 December 2020: 3,537,132 thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 4,804,869 thousand Tenge (as at 31 December 2020: 3,667,280 thousand Tenge), which were acquired for construction works.

In April 2021 Main Waterline LLP received free of charge a new waterline for technical water Kulsary-Tengiz (first stage) that was built on the funds of customer of water transportation services under the agreement on cooperation on the construction of a waterline for the amount 24,987,180 thousand Tenge (*Note 12*).

Depreciation of property, plant, and equipment for nine months ended 30 September 2021, included in the cost of construction in progress amounted to 14,001 thousand Tenge (for nine months ended 30 September 2020: 17,898 thousand Tenge).

Due to significant changes in the oil price on domestic market, the fair value of the Group's technological oil for the nine months period ended 30 September 2021 was increased for the amount of 88,975,241 thousand Tenge through other comprehensive income (for the nine months period ended 30 September 2020 was reduced for the amount of 65,514,563 thousand Tenge through other comprehensive loss). As at 30 September 2021 the average oil price at domestic market was 72,328 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 to 2,618 thousand tons (as at 31 December 2020: 2,618 thousand tons).

### 4. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021 (unaudited)	31 December 2020 (audited)
<i>In thousands of Tenge</i>		
Investments in KCP	44,791,844	36,908,378
Investments in MunaiTas	27,628,339	26,514,437
<b>Total</b>	<b>72,420,183</b>	<b>63,422,815</b>

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

<i>In thousands of Tenge</i>	<b>Total</b>
<b>As at 31 December 2020 (audited)</b>	63,422,815
Share in income of joint ventures	10,408,127
Share in other comprehensive income of joint ventures	389,241
Dividends	(1,800,000)
<b>As at 30 September 2021 (unaudited)</b>	<b>72,420,183</b>

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

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

### 4. INVESTMENTS IN JOINT VENTURES (continued)

The Company's share in comprehensive income/loss of joint ventures for the three and nine months periods ended 30 September 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
<b>Share in income of joint ventures</b>				
KCP	3,691,551	108,530	9,323,130	3,372,843
MunaiTas	308,894	548,539	1,084,997	915,207
<b>Total share in income of joint ventures</b>	<b>4,000,445</b>	<b>657,069</b>	<b>10,408,127</b>	<b>4,288,050</b>
<b>Share in other comprehensive income/(loss) of joint ventures</b>				
KCP	–	(360,598)	360,336	(481,655)
MunaiTas	324	–	28,905	(30,082)
<b>Total share in other comprehensive income/(loss) of joint ventures</b>	<b>324</b>	<b>(360,598)</b>	<b>389,241</b>	<b>(511,737)</b>
<b>Total share in comprehensive income of joint ventures</b>	<b>4,000,769</b>	<b>296,471</b>	<b>10,797,368</b>	<b>3,776,313</b>

### 5. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

Advances to suppliers for property, plant and equipment as at 30 September 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	30 September 2021 (unaudited)	31 December 2020 (audited)
Advances to third parties for property, plant and equipment and construction services	3,004,341	885,818
Less: allowance for impairment	(819,518)	(810,896)
<b>Total</b>	<b>2,184,823</b>	<b>74,922</b>

The increase in advances given is mainly due to prepayment for the capital repair project with the replacement of sections of the Pavlodar – Shymkent main oil pipeline.

### 6. TRADE AND OTHER ACCOUNTS RECEIVABLE

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

<i>In thousands of Tenge</i>	30 September 2021 (unaudited)	31 December 2020 (audited)
Other accounts receivable from third parties	1,293,225	1,146,596
Less: allowance for expected credit losses	(169,577)	(163,195)
<b>Total</b>	<b>1,123,648</b>	<b>983,401</b>

Short-term trade and other accounts receivable as at 30 September 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	30 September 2021 (unaudited)	31 December 2020 (audited)
Trade accounts receivable from third parties	7,434,118	6,871,092
Trade accounts receivable from related parties (Note 23)	3,083,118	1,966,138
Other accounts receivable from third parties	702,881	701,529
Other accounts receivable from related parties (Note 23)	509	509
Less: allowance for expected credit losses	(5,300,328)	(5,272,466)
<b>Total</b>	<b>5,920,298</b>	<b>4,266,802</b>

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

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

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

<i>In thousands of Tenge</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Tenge	4,695,000	3,666,155
US Dollars	1,017,423	591,799
Russian Rubles	4,392	2,113
Other currency	203,483	6,735
<b>Total</b>	<b>5,920,298</b>	<b>4,266,802</b>

### 7. VAT RECOVERABLE AND OTHER PREPAID TAXES

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

<i>In thousands of Tenge</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Current VAT recoverable	6,101,299	7,465,375
Non-current VAT recoverable	3,041,617	2,047,148
Other taxes prepaid	320,666	548,642
<b>Total</b>	<b>9,463,582</b>	<b>10,061,165</b>

### 8. OTHER CURRENT ASSETS

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

<i>In thousands of Tenge</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Due for oil transportation coordination services	3,146,525	8,150,231
Prepaid insurance	529,400	70,638
Due from employees	96,641	15,504
Deferred expenses	30,299	31,183
Other	17,895	17,889
<b>Total</b>	<b>3,820,760</b>	<b>8,285,445</b>

### 9. BANK DEPOSITS

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

<i>In thousands of Tenge</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Short-term bank deposits – US Dollar	8,514,000	27,359,150
Long-term bank deposits – Tenge	1,540,703	3,588,695
Accrued interest on deposits – Tenge	18,399	35,293
Accrued interest on deposits – US Dollar	14,758	34,824
Less: allowance for expected credit losses	(13,446)	(105,651)
<b>Total</b>	<b>10,074,414</b>	<b>30,912,311</b>

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

<i>In thousands of Tenge</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Short-term bank deposits with maturity under 1 year	8,536,285	27,342,909
Long-term bank deposits with maturity over 1 year	1,538,129	3,569,402
<b>Total</b>	<b>10,074,414</b>	<b>30,912,311</b>

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

### 9. BANK DEPOSITS (continued)

As at 30 September 2021 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 2029 and in 2030, arranged for the purpose of preferential lending rates for the Company's employees for the purchase of residential property.

### 10. CASH AND CASH EQUIVALENTS

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

	30 September 2021 (unaudited)	31 December 2020 (audited)
<i>In thousands of Tenge</i>		
Time deposits with banks – Tenge	37,617,731	34,440,034
Current accounts with banks – US Dollars	13,747,059	6,263,193
Current accounts with banks – Tenge	2,128,956	10,948,018
Current accounts with banks – Russian Ruble	1,866,603	26,260
Current accounts with banks – Georgian Lari	537,659	326,205
Current accounts with banks – Euro	–	8,839
Other current accounts with banks	22,448	25,639
Cash on hand	11	257
Less: allowance for expected credit losses	(24,346)	(23,833)
<b>Total</b>	<b>55,896,121</b>	<b>52,014,612</b>

As at 30 September 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 8.8% per annum (as at 31 December 2020: from 6.50% to 8.40% per annum);
- Interest for current accounts and time deposits placed in US Dollars ranged from 0.25% to 3% per annum (as at 31 December 2020: from 0.25% to 4% per annum).

### 11. EQUITY

#### Asset revaluation reserve

As at 30 September 2021 asset revaluation reserve of the Group was equal to 280,497,222 thousand Tenge (as at 31 December 2020: 221,632,815 thousand Tenge). The change in revaluation reserve is mainly due to impairment of the technological oil (*Note 3*) and revision of estimates of provision for asset retirement and land recultivation obligation (*Note 14*) with the corresponding effect of income tax expense (*Note 21*), as well as amortization of this reserve for the period.

#### Dividends

During the nine months period ended 30 September 2021 the Company accrued dividends payable based on 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 23*) and 5,076,200 thousand Tenge to minority shareholders.

During the nine months period ended 30 September 2020 the Company accrued dividends payable based on 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), from which 40,848,301 thousand Tenge will be paid to KMG (*Note 23*) and 4,537,815 thousand Tenge to minority shareholders.

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

### 11. EQUITY (continued)

#### Earnings per share

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

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

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

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
<b>Net profit attributable to ordinary equity holders of the Parent of the Group</b>	<b>15,453,984</b>	13,769,780	<b>49,307,412</b>	51,940,265
Weighted average number of ordinary shares for basic earnings per share	<b>384,628,099</b>	384,628,099	<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, as a Parent company of the Group (in Tenge)</b>	<b>40</b>	36	<b>128</b>	135

#### Book value per ordinary share

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

<i>In thousands of Tenge</i>	30 September 2021 (unaudited)	31 December 2020 (audited)
<b>Total assets</b>	<b>952,038,299</b>	859,162,401
Less: intangible assets	(7,067,660)	(7,167,364)
Less: total liabilities	(227,581,120)	(206,644,140)
<b>Net assets for calculation of book value per ordinary share</b>	<b>717,389,519</b>	645,350,897
Number of ordinary shares	<b>384,628,099</b>	384,628,099
<b>Book value per ordinary share (in Tenge)</b>	<b>1,865</b>	1,678

### 12. CONTRACT LIABILITIES TO CUSTOMERS

Long-term contract liabilities to customers as at 30 September 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	30 September 2021 (unaudited)	31 December 2020 (audited)
Deferred income from related parties (Note 23)	<b>22,037,305</b>	–
Deferred income from third parties	<b>8,604,584</b>	8,693,200
<b>Total</b>	<b>30,641,889</b>	8,693,200

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

### 12. CONTRACT LIABILITIES TO CUSTOMERS (continued)

Short-term contract liabilities to customers as at 30 September 2021 and 31 December 2020 are as follows:

<i>In thousands of Tenge</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Advances received from related parties (Note 23)	<b>11,423,613</b>	13,151,992
Advances received from third parties	<b>7,551,829</b>	7,663,873
Current part of deferred income from related parties (Note 23)	<b>2,082,265</b>	–
Current part of deferred income from third parties	<b>660,261</b>	654,336
<b>Total</b>	<b>21,717,968</b>	21,470,201

Deferred income from related parties relates to the free of charge receipt of the new waterline for technical water Kulsary-Tengiz (first stage) that was built on the funds of customer of water transportation services under the agreement on cooperation on the construction of a waterline for the amount 24,987,180 thousand Tenge (Note 3). As the Group has to provide the appropriate volume and rate of water supply to the facilities of the customer via the waterline of technical water Kulsary-Tengiz for the entire period of operations of given customer of water transportation services, the received waterline was recognized as a non-cash consideration from the customer for the services provided. The Group recognized the contract liability and property, plant and equipment for the indicated amount with amortization period up to April 2033, using the term of the subsoil use contract of the customer of services as an assumption on the amortization period. The amortization of contract liability for the period is recognized by the Group as revenue from the provision of water transportation services in the amount of 867,610 thousand Tenge.

### 13. TRADE AND OTHER ACCOUNTS PAYABLE

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

<i>In thousands of Tenge</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Trade accounts payable to third parties for goods and services	<b>8,774,311</b>	20,148,254
Trade accounts payable to related parties for goods and services (Note 23)	<b>839,068</b>	1,607,708
Other accounts payable to third parties	<b>978,681</b>	596,774
<b>Total</b>	<b>10,592,060</b>	22,352,736

As at 30 September 2021 trade and other accounts payable included payables to related and third parties for property, plant and equipment and works and services related to the construction-in-progress in the amount of 4,081,157 thousand Tenge (as at 31 December 2020: 14,387,429 thousand Tenge). The decrease of accounts payable is associated with their repayment during the reporting period.

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

<i>In thousands of Tenge</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Tenge	<b>9,839,611</b>	21,732,754
US Dollars	<b>397,815</b>	276,413
Russian Rubles	<b>3,005</b>	5,156
Euro	<b>851</b>	2,525
Other currency	<b>350,778</b>	335,888
<b>Total</b>	<b>10,592,060</b>	22,352,736

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

### 14. PROVISIONS

#### Short-term provisions

The movement in provisions for the nine months ended 30 September 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	<b>Tax provisions (BOT)</b>	<b>Other provisions</b>	<b>Total</b>
<b>As at 31 December 2020 (audited)</b>	432,695	836,655	1,269,350
Charge for the period (Note 18)	<b>771,680</b>	-	<b>771,680</b>
Reversal of provision (Note 19)	-	(261,191)	(261,191)
Usage of provision	-	(297,415)	(297,415)
Foreign currency translation	(6,881)	22,677	15,796
<b>As at 30 September 2021 (unaudited)</b>	<b>1,197,494</b>	<b>300,726</b>	<b>1,498,220</b>
<b>As at 31 December 2019 (audited)</b>	179,052	127,501	306,553
Charge for the period (Note 18)	-	446	446
Reversal of provision (Note 19)	-	(37,500)	(37,500)
Usage of provision	-	(5,416)	(5,416)
Foreign currency translation	(2,869)	10,733	7,864
<b>As at 30 September 2020 (unaudited)</b>	<b>176,183</b>	<b>95,764</b>	<b>271,947</b>

#### Long-term provisions

The movement of provision for asset retirement and land recultivation obligation for the three and nine months ended 30 September 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	<b>For the three months ended 30 September (unaudited)</b>		<b>For the nine months ended 30 September (unaudited)</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>At the beginning of the period</b>	<b>32,283,735</b>	26,265,320	<b>33,688,837</b>	27,780,887
Charge for the period through asset	<b>46,373</b>	89,381	<b>123,330</b>	322,744
Revision of estimates through other				
comprehensive (income)/loss	<b>1,069,374</b>	4,408,177	<b>(451,641)</b>	2,911,745
Revision of estimates through profit and loss				
(Note 19)	<b>157,464</b>	382,116	<b>(243,299)</b>	(143,277)
Reversal of provision through profit and loss				
(Note 19)	<b>(510,859)</b>	(289,408)	<b>(1,183,274)</b>	(1,038,269)
Unwinding of discount (Note 20)	<b>548,512</b>	512,963	<b>1,660,646</b>	1,534,719
<b>At the end of the period (unaudited)</b>	<b>33,594,599</b>	31,368,549	<b>33,594,599</b>	31,368,549

As at 30 September 2021 the Group 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%), on the inflation rate of 5.57% (as at 31 December 2020: 5.54%) and the cost of dismantling pipelines and land recultivation per 1 km, equalling to 6,913 thousand Tenge (as at 31 December 2020: 6,560 thousand Tenge). As at 30 September 2021 the discount rate and the inflation rate were 6.97% and 5.58%, respectively.

### 15. OTHER CURRENT LIABILITIES

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

<i>In thousands of Tenge</i>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Accounts payable for oil transportation coordination services to related parties (Note 23)	<b>9,223,860</b>	7,701,845
Accounts payable for oil transportation coordination services to third parties	<b>4,912,177</b>	4,878,213
Salaries and other compensations	<b>3,878,596</b>	10,893,589
Accounts payable to pension fund	<b>501,475</b>	952,276
Other accruals	<b>309,964</b>	383,366
<b>Total</b>	<b>18,826,072</b>	24,809,289

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

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

Revenue for the three and nine months ended 30 September 2021 and 2020 are as follows:

	For three months ended 30 September 2021 (unaudited)					For nine months ended 30 September 2021 (unaudited)				
	Oil transportation and related services	Oil trans-shipment	Water transportation	Others	Total for segments	Oil transportation and related services	Oil trans-shipment	Water transportation	Others	Total for segments
<i>In thousands of Tenge</i>										
Crude oil transportation	48,056,981	–	–	–	48,056,981	143,334,044	–	–	–	143,334,044
Pipeline operation and maintenance services	4,474,046	–	–	–	4,474,046	13,160,060	–	–	–	13,160,060
Water transportation	–	–	2,780,477	–	2,780,477	–	–	6,629,094	–	6,629,094
Oil, oil products and gas transshipment and railway shipment	–	1,920,036	–	–	1,920,036	–	5,270,102	–	–	5,270,102
Seaport services	–	–	–	1,664,609	1,664,609	–	–	–	4,853,047	4,853,047
Fees for undelivered oil volumes	855,214	–	–	–	855,214	2,350,550	–	–	–	2,350,550
Oil transportation coordination services	139,303	–	–	–	139,303	439,178	–	–	–	439,178
Others	17,270	–	1,790	413,485	432,545	78,870	–	2,525	1,009,513	1,090,908
<b>Total for segments</b>	<b>53,542,814</b>	<b>1,920,036</b>	<b>2,782,267</b>	<b>2,078,094</b>	<b>60,323,211</b>	<b>159,362,702</b>	<b>5,270,102</b>	<b>6,631,619</b>	<b>5,862,560</b>	<b>177,126,983</b>
<b>Geographic regions of customers</b>										
Kazakhstan	46,869,034	1,262,933	2,782,267	–	50,914,234	139,907,141	2,654,375	6,631,619	–	149,193,135
Russia	6,673,780	–	–	–	6,673,780	19,455,561	–	–	–	19,455,561
Georgia	–	431,081	–	1,968,521	2,399,602	–	2,317,163	–	5,752,987	8,070,150
Others	–	226,022	–	109,573	335,595	–	298,564	–	109,573	408,137
<b>Total revenue under contracts with customers</b>	<b>53,542,814</b>	<b>1,920,036</b>	<b>2,782,267</b>	<b>2,078,094</b>	<b>60,323,211</b>	<b>159,362,702</b>	<b>5,270,102</b>	<b>6,631,619</b>	<b>5,862,560</b>	<b>177,126,983</b>
<b>Timing of revenue recognition</b>										
At a point in time	49,068,768	1,920,036	2,782,267	2,078,094	55,849,165	146,202,642	5,270,102	6,631,619	5,862,560	163,966,923
Over time	4,474,046	–	–	–	4,474,046	13,160,060	–	–	–	13,160,060
<b>Total revenue under contracts with customers</b>	<b>53,542,814</b>	<b>1,920,036</b>	<b>2,782,267</b>	<b>2,078,094</b>	<b>60,323,211</b>	<b>159,362,702</b>	<b>5,270,102</b>	<b>6,631,619</b>	<b>5,862,560</b>	<b>177,126,983</b>



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

	For three months ended 30 September 2020 (unaudited)					For nine months ended 30 September 2020 (unaudited)				
	Oil transportation and related services	Oil trans-shipment	Water transportation	Others	Total for segments	Oil transportation and related services	Oil trans-shipment	Water transportation	Others	Total for segments
<i>In thousands of Tenge</i>										
Crude oil transportation	47,097,478	–	–	–	47,097,478	145,715,590	–	–	–	145,715,590
Pipeline operation and maintenance services	4,279,850	–	–	–	4,279,850	12,729,681	–	–	–	12,729,681
Water transportation	–	–	1,514,631	–	1,514,631	–	–	5,030,675	–	5,030,675
Oil, oil products and gas transshipment and railway shipment	–	2,019,430	–	–	2,019,430	–	4,718,422	–	–	4,718,422
Seaport services	–	–	–	1,622,944	1,622,944	–	–	–	4,473,702	4,473,702
Fees for undelivered oil volumes	619,958	–	–	–	619,958	2,175,851	–	–	–	2,175,851
Oil transportation coordination services	163,285	–	–	–	163,285	525,453	–	–	–	525,453
Others	16,707	–	15,725	966,400	998,832	76,772	–	16,879	1,534,203	1,627,854
<b>Total for segments</b>	<b>52,177,278</b>	<b>2,019,430</b>	<b>1,530,356</b>	<b>2,589,344</b>	<b>58,316,408</b>	<b>161,223,347</b>	<b>4,718,422</b>	<b>5,047,554</b>	<b>6,007,905</b>	<b>176,997,228</b>
<b>Geographic regions of customers</b>										
Kazakhstan	45,898,672	1,046,687	1,530,356	–	48,475,715	142,396,871	2,502,441	5,047,554	–	149,946,866
Russia	6,278,606	–	–	–	6,278,606	18,826,476	–	–	–	18,826,476
Georgia	–	809,518	–	2,281,363	3,090,881	–	1,620,551	–	5,678,475	7,299,026
Others	–	163,225	–	307,981	471,206	–	595,430	–	329,430	924,860
<b>Total revenue under contracts with customers</b>	<b>52,177,278</b>	<b>2,019,430</b>	<b>1,530,356</b>	<b>2,589,344</b>	<b>58,316,408</b>	<b>161,223,347</b>	<b>4,718,422</b>	<b>5,047,554</b>	<b>6,007,905</b>	<b>176,997,228</b>
<b>Timing of revenue recognition</b>										
At a point in time	47,897,428	2,019,430	1,530,356	2,589,344	54,036,558	148,493,666	4,718,422	5,047,554	6,007,905	164,267,547
Over time	4,279,850	–	–	–	4,279,850	12,729,681	–	–	–	12,729,681
<b>Total revenue under contracts with customers</b>	<b>52,177,278</b>	<b>2,019,430</b>	<b>1,530,356</b>	<b>2,589,344</b>	<b>58,316,408</b>	<b>161,223,347</b>	<b>4,718,422</b>	<b>5,047,554</b>	<b>6,007,905</b>	<b>176,997,228</b>

For the nine months ended 30 September 2021 the revenue from the four major customers amounted to 36,633,335 thousand Tenge, 23,026,245 thousand Tenge, 13,453,500 thousand Tenge and 9,323,214 thousand Tenge, respectively (for the nine months ended 30 September 2020 the revenue from the four major customers amounted to 37,411,032 thousand Tenge, 25,502,163 thousand Tenge, 12,858,624 thousand Tenge and 9,154,639 thousand Tenge, respectively).

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

### 17. COST OF SALES

Cost of sales for the three and nine months ended 30 September 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
Personnel costs	14,456,866	12,549,851	39,403,595	36,659,011
Depreciation and amortization	13,264,583	13,223,717	39,111,819	39,895,887
Taxes other than income tax	2,469,735	2,095,638	6,836,301	6,670,380
Electric energy	2,257,708	1,726,419	6,330,781	5,276,696
Materials and fuel	2,936,584	2,594,326	6,329,352	5,581,499
Repair and maintenance	2,197,358	2,420,868	5,480,607	5,457,430
Security services	1,511,551	1,417,993	4,462,837	4,262,947
Gas expenses	401,796	324,435	2,165,538	1,902,445
Food and accommodation	533,880	473,225	1,579,700	1,392,944
Railway services	556,043	675,583	1,404,907	1,915,606
Environmental protection	455,765	508,729	1,376,400	679,532
Post-employment benefits	243,320	148,160	729,959	466,213
Labor protection, safety	241,147	225,710	696,928	532,104
Business trip expenses	240,561	169,710	591,514	455,458
Insurance	224,614	189,608	578,959	536,299
Outstaffing services	91,766	98,416	326,913	279,872
Air services	231,021	–	302,175	–
Communication services	94,596	129,862	287,713	288,714
Social sphere expenses	49,571	52,474	143,135	144,586
Diagnostics of production facilities	104,462	179,033	120,714	195,030
Transportation services	36,468	46,054	109,406	112,687
Other	426,279	271,425	1,018,053	750,348
<b>Total</b>	<b>43,025,674</b>	<b>39,521,236</b>	<b>119,387,306</b>	<b>113,455,688</b>

The increase in personnel costs in the reporting period is mainly due to the indexation of salary, as well as changes in the wage system for employees of the Company's production divisions.

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

### 18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and nine months ended 30 September 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
Personnel costs	1,794,143	1,781,365	5,382,500	5,450,634
Depreciation and amortization	348,195	398,074	1,100,141	1,215,108
Charge of short-term provisions (Note 14)	1,296	–	771,680	446
Office maintenance	142,854	131,437	429,291	390,191
Taxes other than income tax	71,036	67,061	232,592	195,023
Repair and maintenance	59,966	62,724	195,982	192,958
Consulting services	52,945	83,905	190,385	189,214
Outstaffing services	61,916	65,494	174,547	166,530
Business trip expenses	59,386	12,750	129,004	56,880
Information services	34,513	37,148	101,775	105,840
Communication services	30,167	37,080	86,678	91,536
Bank costs	16,779	16,102	50,553	51,025
Materials and fuel	24,778	23,241	47,565	52,798
Write-off of VAT recoverable	9,370	100,541	45,620	145,165
Post-employment benefits	12,726	8,049	38,177	24,147
Insurance and security	10,984	10,531	34,261	32,358
(Reversal)/charge of allowance for expected credit losses on trade receivables, net	(175,425)	31,320	(25,662)	63,620
Charity expenses	–	1,008,789	–	1,026,191
Other	179,106	185,946	426,944	423,112
<b>Total</b>	<b>2,734,735</b>	<b>4,061,557</b>	<b>9,412,033</b>	<b>9,872,776</b>

Charity expenses for the nine months period ended 30 September 2020 are associated with the purchase of artificial lung ventilation devices for the amount of 1,000,000 thousand Tenge, which were donated as sponsorship to health care organizations of the Republic of Kazakhstan in order to support government policy in the fight against coronavirus infection with COVID-19.

### 19. OTHER OPERATING INCOME AND EXPENSES

Other operating income/expenses for the three and nine months ended 30 September 2021 and 2020 are as follows:

#### Other operating income

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
Income from reversal and revision of provision on asset retirement and land recultivation obligation (Note 14)	353,395	–	1,426,573	1,181,546
Income from reversal of short-term provisions (Note 14)	296	37,500	261,191	37,500
Amortization of deferred income	69,115	67,923	209,268	198,764
Income from fines and penalties	33,522	13,640	169,182	1,405,624
Income from disposal of inventories, net	81,144	3,979	117,887	102,634
Charge of income from inventory recognition	292	7,354	58,488	7,699
Income from disposal of non-current assets held for sale, net	–	23,590	40,253	42,593
Other income	68,592	64,460	121,984	92,802
<b>Total</b>	<b>606,356</b>	<b>218,446</b>	<b>2,404,826</b>	<b>3,069,162</b>

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

### 20. OTHER OPERATING INCOME AND EXPENSES (continued)

#### Other operating expenses

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
Loss on disposal of property, plant and equipment and intangible assets, net	13,229	40,743	73,031	71,933
Expenses for liquidation of idle production facilities	40,009	23,098	65,248	49,624
Impairment of non-current assets held for sale	–	225,214	7,942	232,631
Loss on VAT write-off on disposed property, plant and equipment	–	–	–	1,823,703
Revision of estimates and charge of provision for asset retirement and land reclamation obligation, net (Note 14)	–	92,708	–	–
Other expenses	36,644	226,111	239,469	313,634
<b>Total</b>	<b>89,882</b>	<b>607,874</b>	<b>385,690</b>	<b>2,491,525</b>

Loss on VAT write-off for the nine months ended 30 September 2020 is related to exclusion, in accordance with the requirements of tax legislation, of VAT from offset as a result of transfer of the Company's fixed assets to the authorized capital of a subsidiary.

### 20. FINANCE INCOME AND EXPENSES

Finance income/expenses for the three and nine months ended 30 September 2021 and 2020 are as follows:

#### Finance income

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
Interest income on bank deposits and current accounts	619,716	549,193	2,255,753	1,788,538
Income from revision of bond's fair value	30,800	65,929	300,564	192,538
Unwinding of discount on long-term receivables	49,435	48,951	148,386	146,704
Reversal of allowance for expected credit losses on cash and cash equivalents and bank deposits, net	6,948	–	92,614	13,978
Other finance income	2,135	3,896	11,892	45,507
<b>Total</b>	<b>709,034</b>	<b>667,969</b>	<b>2,809,209</b>	<b>2,187,265</b>

#### Finance expenses

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
Unwinding of discount on asset retirement and land reclamation obligation reserve (Note 14)	548,512	512,963	1,660,646	1,534,719
Interest cost on employee benefit obligations	291,703	295,541	875,124	886,790
Unwinding of discount on lease liabilities	67,210	120,445	212,932	379,872
Charge of allowance for expected credit losses of cash and cash equivalents and bank deposits, net	–	57,079	–	–
Other finance expenses	1,517	–	147,965	–
<b>Total</b>	<b>908,942</b>	<b>986,028</b>	<b>2,896,667</b>	<b>2,801,381</b>

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

### 21. INCOME TAX EXPENSE

Income tax expenses for the three and nine months ended 30 September 2021 and 2020 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
Current income tax expense	3,392,147	3,901,175	13,612,805	13,770,624
Adjustments of the past periods	–	–	212,405	69,953
Deferred income tax benefit	(91,527)	(1,007,865)	(2,415,912)	(2,107,441)
<b>Income tax expense</b>	<b>3,300,620</b>	<b>2,893,310</b>	<b>11,409,298</b>	<b>11,733,136</b>

Movement in deferred income tax liabilities for the three and nine months ended 30 September 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
<b>At the beginning of the period (unaudited)</b>	<b>73,863,655</b>	65,060,573	<b>62,221,923</b>	80,564,703
Charged to other comprehensive loss/(income)	3,915,505	731,359	17,881,600	(13,673,236)
Charged to profit and loss	(91,527)	(1,007,865)	(2,415,912)	(2,107,441)
Currency translation	(8)	54	14	95
<b>At the end of the period (unaudited)</b>	<b>77,687,625</b>	<b>64,784,121</b>	<b>77,687,625</b>	<b>64,784,121</b>

### 22. SEGMENT INFORMATION

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

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

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

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

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

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

### 22. SEGMENT INFORMATION (continued)

Management analyses its operating segments by segment profit. The following tables present information on revenue and profit of the Group's segments for the three months ended 30 September 2021 and 2020:

	For the three months ended 30 September 2021 (unaudited)						For the three months ended 30 September 2020 (unaudited)					
	Oil transportation and related services (Kazakhstan)	Oil trans- shipment (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
<b>Revenue</b>												
External customers	53,542,814	1,920,036	2,782,267	2,078,094	–	60,323,211	52,177,278	2,019,430	1,530,356	2,589,344	–	58,316,408
Intersegmental	184,780	–	18,340	–	(203,120)	–	175,271	–	19,195	–	(194,466)	–
<b>Total revenue</b>	<b>53,727,594</b>	<b>1,920,036</b>	<b>2,800,607</b>	<b>2,078,094</b>	<b>(203,120)</b>	<b>60,323,211</b>	<b>52,352,549</b>	<b>2,019,430</b>	<b>1,549,551</b>	<b>2,589,344</b>	<b>(194,466)</b>	<b>58,316,408</b>
<b>Financial results</b>												
Depreciation and amortization	(11,552,420)	(199,228)	(1,580,674)	(280,456)	–	(13,612,778)	(12,253,206)	(204,760)	(915,759)	(248,066)	–	(13,621,791)
Interest income	495,134	9,355	87,135	28,092	–	619,716	391,746	5,286	112,111	40,050	–	549,193
Share in income of joint ventures	4,000,445	–	–	–	–	4,000,445	657,069	–	–	–	–	657,069
Income tax (expense)/ benefits	(3,552,569)	–	294,158	(16,179)	(26,030)	(3,300,620)	(3,210,653)	–	208,683	–	108,660	(2,893,310)
<b>Segment profit/(loss) for the period</b>	<b>14,191,607</b>	<b>19,817</b>	<b>(1,138,482)</b>	<b>1,336,719</b>	<b>1,044,323</b>	<b>15,453,984</b>	<b>13,268,549</b>	<b>(10,603)</b>	<b>(1,394,180)</b>	<b>1,873,816</b>	<b>32,198</b>	<b>13,769,780</b>

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

Information on revenue and profit of the Group's segments for the nine months ended 30 September 2021 and 2020 and on assets and liabilities of the Group's segments as at 30 September 2021 and 31 December 2020:

	For the nine months ended 30 September 2021 (unaudited)						For the nine months ended 30 September 2020 (unaudited)					
	Oil transportation and related services (Kazakhstan)	Oil trans-shipment (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
<b>Revenue</b>												
External customers	159,362,702	5,270,102	6,631,619	5,862,560	–	177,126,983	161,223,347	4,718,422	5,047,554	6,007,905	–	176,997,228
Intersegmental	604,103	–	59,870	–	(663,973)	–	556,717	–	59,476	–	(616,193)	–
<b>Total revenue</b>	<b>159,966,805</b>	<b>5,270,102</b>	<b>6,691,489</b>	<b>5,862,560</b>	<b>(663,973)</b>	<b>177,126,983</b>	<b>161,780,064</b>	<b>4,718,422</b>	<b>5,107,030</b>	<b>6,007,905</b>	<b>(616,193)</b>	<b>176,997,228</b>
<b>Financial results</b>												
Depreciation and amortization	(34,710,649)	(613,267)	(4,096,403)	(791,641)	–	(40,211,960)	(36,980,286)	(620,799)	(2,779,434)	(730,476)	–	(41,110,995)
Interest income	1,704,300	19,961	449,525	81,967	–	2,255,753	1,428,923	38,877	212,291	108,447	–	1,788,538
Share in income of joint ventures	10,408,127	–	–	–	–	10,408,127	4,288,050	–	–	–	–	4,288,050
Income tax (expense)/ benefits	(12,023,937)	–	666,028	(51,389)	–	(11,409,298)	(12,461,432)	–	615,976	–	112,320	(11,733,136)
<b>Segment profit/(loss) for the period</b>	<b>47,530,835</b>	<b>(479,911)</b>	<b>(2,842,472)</b>	<b>2,441,812</b>	<b>2,657,148</b>	<b>49,307,412</b>	<b>51,892,400</b>	<b>(556,553)</b>	<b>(2,598,515)</b>	<b>3,297,577</b>	<b>(94,644)</b>	<b>51,940,265</b>

Information on revenue and profit of the Group's segments for the nine months ended 30 September 2021 and 2020 and on assets and liabilities of the Group's segments as at 30 September 2021 and 31 December 2020:

	As at 30 September 2021 (unaudited)						As at 31 December 2020 (unaudited)					
	Oil transportation and related services (Kazakhstan)	Oil trans-shipment (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
<b>Other disclosures</b>												
Total assets	883,556,359	29,767,498	82,884,029	28,756,461	(72,926,048)	952,038,299	817,286,113	38,864,304	59,337,371	16,914,690	(73,240,077)	859,162,401
Total liabilities	186,324,315	6,919,753	25,679,497	11,836,375	(3,178,820)	227,581,120	188,729,640	8,339,490	1,586,193	11,120,863	(3,132,046)	206,644,140
Investments in joint ventures (Note 4)	72,420,183	–	–	–	–	72,420,183	63,422,815	–	–	–	–	63,422,815
Capital expenditures	15,947,580	744,924	8,689,065	811,177	(51,499)	26,141,247	47,033,059	1,088,228	1,031,386	709,084	(115,009)	49,746,748
Property, plant and equipment	15,938,865	744,924	8,689,065	811,177	(51,499)	26,132,532	47,027,731	1,076,238	1,019,470	702,469	(114,810)	49,711,098
Intangible assets	8,715	–	–	–	–	8,715	5,328	11,990	11,916	6,615	(199)	35,650

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

### 23. RELATED PARTY TRANSACTIONS

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

Related party transactions were made on 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 three and nine months ended 30 September 2021 and 2020 and also the related balances as at 30 September 2021 and 31 December 2020.

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

<i>In thousands of Tenge</i>		<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
	<b>Notes</b>		
<b>Trade and other accounts receivable from related parties</b>			
Trade accounts receivable from entities under common control of KMG		<b>1,133,731</b>	535,390
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		<b>980,767</b>	460,816
Trade accounts receivable from joint ventures of the Company		<b>968,620</b>	969,932
<b>Total trade accounts receivable from related parties</b>	<b>6</b>	<b>3,083,118</b>	1,966,138
Other accounts receivable from entities under common control of KMG and Samruk-Kazyna Group	<b>6</b>	<b>509</b>	509
<b>Total other accounts receivable from related parties</b>		<b>509</b>	509
Less: allowance for expected credit losses		<b>(7,321)</b>	(5,055)
<b>Total trade and other accounts receivable from related parties</b>		<b>3,076,306</b>	1,961,592

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>		<b>30 September 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>1,069</b>	1,104
Advances paid to entities under common control of KMG		<b>484</b>	394,336
<b>Total advances paid to related parties</b>		<b>1,553</b>	395,440

Contract liabilities to customers to related parties are as follows:

<i>In thousands of Tenge</i>		<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
	<b>Notes</b>		
<b>Contract liabilities to customers to related parties</b>			
Non-current part of deferred income under contracts with entities under common control of KMG		<b>22,037,305</b>	–
<b>Total non-current contract liabilities to customers to related parties</b>	<b>12</b>	<b>22,037,305</b>	–
Advances received from entities under common control of KMG		<b>11,206,662</b>	12,896,046
Advances received from entities under common control of Samruk-Kazyna Group		<b>216,951</b>	255,946
Current part of deferred income under contracts with entities under common control of KMG		<b>2,082,265</b>	–
<b>Total current contract liabilities to customers to related parties</b>	<b>12</b>	<b>13,505,878</b>	13,151,992
<b>Total contract liabilities to customers to related parties</b>		<b>35,543,183</b>	13,151,992



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

### 23. RELATED PARTY TRANSACTIONS (continued)

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

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
<b>Trade accounts payable to related parties for goods and services</b>			
Trade accounts payable to entities under common control of KMG		<b>642,405</b>	507,202
Trade accounts payable to entities under common control of Samruk-Kazyna Group		<b>188,853</b>	1,087,746
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>	<b>13</b>	<b>839,068</b>	<b>1,607,708</b>

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 September 2020 (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>15</b>	<b>9,223,860</b>	7,701,845
<b>Total accounts payable for oil transportation coordination services to related parties</b>		<b>9,223,860</b>	<b>7,701,845</b>
<b>Employee benefits obligation of key management personnel</b>			
Employee benefits obligation of key management personnel		<b>39,228</b>	62,412
<b>Total employee benefits obligation of key management personnel</b>		<b>39,228</b>	<b>62,412</b>
<b>Total other current liabilities to related parties</b>		<b>9,263,088</b>	<b>7,764,257</b>

Transactions, which have been entered into with related parties are as follows:

<i>In thousands of Tenge</i>	<b>For the three months ended 30 September (unaudited)</b>		<b>For the nine months ended 30 September (unaudited)</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Sales to related parties</b>				
Revenue from main activities with entities under common control of KMG	<b>31,354,486</b>	28,758,472	<b>91,295,550</b>	91,733,353
Revenue from main activities with joint ventures of the Company	<b>2,594,227</b>	2,519,815	<b>7,727,586</b>	7,558,260
Revenue from main activities with entities under common control of Samruk-Kazyna Group	<b>1,880,460</b>	1,817,568	<b>5,733,803</b>	5,563,418
Revenue from other activities with entities under common control of KMG	<b>997</b>	98	<b>2,432</b>	65,153
Revenue from other activities with entities under common control of Samruk-Kazyna Group	<b>113</b>	–	<b>22,224</b>	19,274
<b>Total</b>	<b>35,830,283</b>	<b>33,095,953</b>	<b>104,781,595</b>	<b>104,939,458</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 CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 23. RELATED PARTY TRANSACTIONS (continued)

Purchase of services and assets from related parties is as follows:

<i>In thousands of Tenge</i>	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
	2021	2020	2021	2020
<b>Purchases from related parties</b>				
Purchases of services from entities under common control of KMG	1,241,971	1,221,897	4,298,262	4,066,747
Purchases of services from entities under common control of Samruk-Kazyna Group	470,820	480,262	1,380,319	1,378,285
Purchases of services from joint ventures of the Company	20,919	11,843	62,758	63,235
Purchases of property, plant and equipment and intangible assets from entities under common control of Samruk-Kazyna Group	–	817,471	–	1,811,444
Purchases of property, plant and equipment and intangible assets from entities under common control of KMG	–	2,232	–	2,232
Purchases of inventory entities under common control of Samruk-Kazyna Group	1,262	45	1,408	135
Purchases of inventory from entities under common control of KMG	42	38	124	114
Other additions of property, plant and equipment (non-monetary reimbursement of services) from entities under common control of KMG	–	–	24,987,180	–
<b>Total</b>	<b>1,735,014</b>	<b>2,533,788</b>	<b>30,730,051</b>	<b>7,322,192</b>

Cash flows to related parties related to the payment of dividends are as follows:

<i>In thousands of Tenge</i>	Notes	For the nine months ended 30 September (unaudited)	
		2021	2020
<b>Cash flows to related parties</b>			
Dividends paid to the KMG	11	(45,694,709)	(40,848,301)
Dividends received from a joint venture	4	1,800,000	–
Repayment of contribution liability to charter capital of a joint venture of the Company		–	(5,000,000)
<b>Total</b>		<b>(43,894,709)</b>	<b>(45,848,301)</b>

Total accrued compensation to key management personnel for the nine months ended 30 September 2021 amounts to 275,789 thousand Tenge (for the nine months ended 30 September 2020: 277,574 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal provisions.

### 24. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

As at 30 September 2021 the Group had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 51,685,111 thousand Tenge (31 December 2020: 42,183,935 thousand Tenge). These contractual obligations are part of investment program.

Share of the Group as at 30 September 2021 in contractual obligations of joint ventures to acquire property, plant and equipment, and construction services amounted to 1,241,263 thousand Tenge (31 December 2020: 2,901,809 thousand Tenge).

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

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**24. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****Investment program commitments of the Company**

In November 2020, by a joint order of the Ministry of Energy of the Republic of Kazakhstan and the CRNM, an investment program for the period of 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 September 2021, the balance of obligation under the investment program to be fulfilled was 205.6 billion Tenge.

**Investment program commitments of joint venture**

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

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

Disagreeing with the Order, during the period from September 2020 to July 2021 the KCP challenged it, including the judicial procedures. In accordance with the court decisions that entered into legal force, the Order was declared illegal and cancelled, due to which the application of temporary compensating tariff for non-performance of the KCP Investment Program measures for 2015-2019 is canceled.

**Tax liabilities of enterprises in Georgia**

In 2015 Georgian Tax Authorities (hereinafter – “GTA”) additionally accrued taxes and fines in the amount of 7,289 thousand Georgian Lari (equivalent to 1,003,550 thousand Tenge) as a result of tax inspections of BSP for the period of 2010-2014. As a result of appeals of the GTA’s decisions to the authorised bodies of the Revenue Service of Georgia, carried out in the period from 2015 to 2020, the amount of additional taxes and fines assessed was reduced and as of 30 September 2021 amounted to 5,915 thousand Georgian Lari (equivalent to 814,377 thousand Tenge).

The management of BOT Group, based on an analysis of local tax legislation and current practice on similar tax proceedings, at the end of 2016 recognized tax liabilities in the amount of 2,296 thousand Georgian Lari (equivalent to 316,113 thousand Tenge) and accrued provisions for taxes in the amount of 1,340 thousand Georgian Lari (equivalent to 184,491 thousand Tenge). The remaining amount of 3,619 thousand Georgian Lari (equivalent to 498,264 thousand Tenge) was not recognized as additional liabilities, since the management believes that BSP’s appeal will be successful and estimates the possibility of an outflow of financial resources in this regard as being remote.

As at 30 September 2021 BSP continues to appeal against the decisions of GTA in the prescribed manner.

**The limitation on the disposition of the property of BOT**

On 3 February 2021 BOT received a notification from the Audit Department of the Revenue Service of the Ministry of Finance of Georgia (hereinafter – “Revenue Service of Georgia”) regarding the start of the inspection of BOT’s activities. In the result of the inspection, a violation of customs clearance procedures on transshipment of oil products was revealed. In accordance with the protocols and requirements of the Customs Department of the Revenue Service of Georgia dated 5 February 2021, fines and taxes were imposed on BOT in the amount of 4 million Georgian Lari (equivalent to 551 million Tenge). The Group accrued a provision on the amount of taxes and penalties in the consolidated financial statements for 2020. Taking into consideration the revision of estimates, the amount of the provision as at 30 September 2021 was equal to 2 million Georgian Lari (equivalent to 275 million Tenge).

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

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

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**24. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****The limitation on the disposition of the property of BOT (continued)**

At the same time, on 15 March 2021 BOT received the ruling from Tbilisi city court dated 3 March 2021, according to which due to the measures taken by the investigative bodies of the Ministry of Finance of Georgia on the violation of customs procedures related to the movement of goods across the customs border of Georgia, pending the completion of the investigation, an arrest was imposed on movable and immovable property of BOT with a book value of 48,099 thousand US Dollars (equivalent to 20,476 million Tenge). This arrest implies a ban on the disposition of the BOT property, while the right to use this property is not limited.

As at the date of these interim condensed financial statements, the audit of BOT activities by the state bodies of Georgia has not been completed.

**Claim of business counterparty to BOT**

On 21 January 2021, Batumi city court received a claim from one of the BOT business counterparties on compensation of unearned revenue for the amount 12.5 million US Dollars (equivalent to 5,321 million Tenge), as well as establishing fixed tariffs for transshipment, without the right to change them unilaterally. Earlier, in 2014 BOT and a business counterparty concluded construction agreements, according to which the business counterparty acquired the right to build tanks on the territory of BOT and for BOT services for cargo transshipment. According to the business counterparty, BOT does not comply with the terms of these agreements, in connection with which it initiated the specified claims.

As per Batumi city court ruling dated 27 January 2021, a ban was imposed on the alienation and mortgage encumbrance on a land plot in Batumi with a carrying amount of 3.5 million US Dollars (equivalent to 1,490 million Tenge) as a security for this claim.

As at 30 September 2021 BOT continues to appeal against the specified above claim in the prescribed manner.

**Termination of the BSP Management agreement**

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

According to the Group's management, as at 30 September 2021, BSP was not exposed to the risk of termination of this Agreement by the Government of Georgia, as the actual transshipment through BSP for nine months of 2021 amounted to 4.465 million tons (2020: 5.9 million tons) and the actual transshipment volumes for nine months of 2021 do not provide sufficient basis for a fine charge in accordance with the Agreement.

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

**Fair value of financial instruments**

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