

**KazTransOil JSC**

**Interim condensed separate financial statements**

*For the six months ended 30 June 2022*



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Report on review of interim condensed separate financial information

**Interim condensed separate financial statements**

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## Report on Review of Interim condensed separate financial statement

To the Shareholders of KazTransOil JSC

### Introduction

We have reviewed the accompanying interim condensed separate financial statements of KazTransOil JSC ("the Company"), which comprise the interim separate statement of financial position as at 30 June 2022 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 2022, and expressed an unqualified conclusion thereon in our report on review of interim condensed consolidated financial statements dated 19 August 2022.

*Ernst & Young LLP*

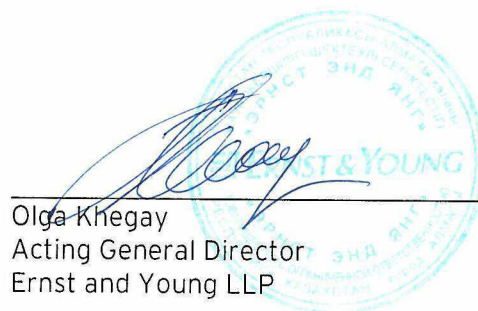


Adil Syzdykov  
Auditor

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

19 August 2022



Olga Kheday  
Acting 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 SEPARATE STATEMENT OF FINANCIAL POSITION**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>As at 30 June 2022 (unaudited)</b>	<b>As at 31 December 2021 (audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	697,044,427	681,122,195
Right-of-use assets		931,837	1,111,472
Intangible assets		1,198,035	1,227,448
Investments in subsidiaries	4	81,143,507	79,914,012
Investments in joint ventures		12,504,945	12,504,945
Advances to suppliers for property, plant and equipment		3,082,313	6,366,865
Bank deposits	8	1,084,611	1,424,328
Other long-term accounts receivable		1,005,069	913,384
		<b>797,994,744</b>	<b>784,584,649</b>
<b>Current assets</b>			
Inventories		6,450,818	6,755,533
Trade and other accounts receivable	5	8,060,197	4,201,037
Advances to suppliers		552,511	344,299
Prepayment for income tax		4,479,511	1,701,325
VAT recoverable and other prepaid taxes	6	65,972	1,676,788
Other current assets	7	13,270,806	5,849,143
Bank deposits	8	–	8,665,145
Investments in bonds		789,650	753,707
Cash and cash equivalents	9	38,111,558	33,605,655
		<b>71,781,023</b>	<b>63,552,632</b>
Non-current assets held for sale		54,511	602,408
		<b>71,835,534</b>	<b>64,155,040</b>
<b>Total assets</b>		<b>869,830,278</b>	<b>848,739,689</b>

*The accounting policy and explanatory notes on pages 7 through 26 form an integral part of these interim condensed separate financial statements.*

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

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>As at 30 June 2022 (unaudited)</b>	<b>As at 31 December 2021 (audited)</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		61,937,567	61,937,567
Treasury shares repurchased from shareholders		(9,549)	(9,549)
Asset revaluation reserve	10	253,205,393	244,149,477
Other capital reserves		(4,067,497)	(4,307,809)
Retained earnings		351,180,753	346,371,687
<b>Total equity</b>		<b>662,246,667</b>	<b>648,141,373</b>
<b>Non-current liabilities</b>			
Employee benefit obligations		21,832,016	21,423,341
Deferred tax liabilities	20	84,034,521	81,124,746
Provision for asset retirement and land recultivation obligation	13	39,198,287	34,547,151
Lease liabilities		177,157	267,714
Other non-current liabilities		104,121	31,516
		<b>145,346,102</b>	<b>137,394,468</b>
<b>Current liabilities</b>			
Current part of employee benefit obligations		895,130	719,470
Trade and other accounts payable	11	8,579,653	16,459,803
Lease liabilities		895,838	1,393,200
Contract liabilities to customers	12	20,528,168	18,816,589
Other taxes payable	6	2,017,801	1,181,299
Other current liabilities	14	29,320,919	24,633,487
		<b>62,237,509</b>	<b>63,203,848</b>
<b>Total liabilities</b>		<b>207,583,611</b>	<b>200,598,316</b>
<b>Total equity and liabilities</b>		<b>869,830,278</b>	<b>848,739,689</b>
<b>Book value per ordinary share (in Tenge)</b>	<b>10</b>	<b>1,719</b>	<b>1,682</b>

Signed and approved for issue on 19 August 2022.

General Director (Chairman of the Management Board)



Kurmanbayev T.N.

Acting Chief Accountant

Sarmagambetova M.K..

*The accounting policy and explanatory notes on pages 7 through 26 form an integral part of these interim condensed separate financial statements.*

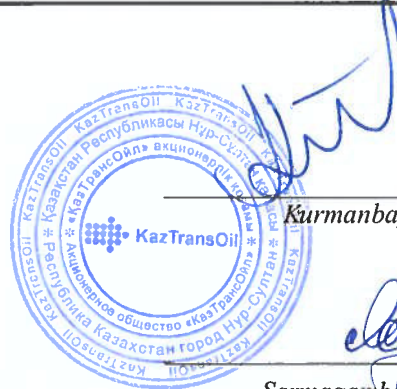


**INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>For the six months ended 30 June (unaudited)</b>	
		<b>2022</b>	<b>2021</b>
Revenue	15	95,840,326	106,239,211
Cost of sales	16	(82,979,954)	(66,147,426)
<b>Gross profit</b>		<b>12,860,372</b>	<b>40,091,785</b>
General and administrative expenses	17	(4,566,608)	(4,273,254)
Other operating income	18	552,735	1,298,577
Impairment of investment in subsidiary	4	(1,810,505)	(1,706,566)
Other operating expenses		(148,582)	(128,235)
<b>Operating profit</b>		<b>6,887,412</b>	<b>35,282,307</b>
Net foreign exchange gain		2,233,348	444,698
Dividend income	21	5,000,000	–
Finance income	19	989,056	1,663,532
Finance expenses	19	(2,388,298)	(1,987,623)
<b>Profit before income tax</b>		<b>12,721,518</b>	<b>35,402,914</b>
Income tax expense	20	(3,258,427)	(8,471,368)
<b>Net profit for the period</b>		<b>9,463,091</b>	<b>26,931,546</b>
<b>Earnings per share (in Tenge)</b>	<b>10</b>	<b>25</b>	<b>70</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Revaluation of property, plant and equipment, net		10,807,607	68,309,462
Income tax effect	20	(2,161,521)	(13,661,893)
		8,646,086	54,647,569
Recovery of provision for asset retirement and land reclamation obligation	13	7,195,171	1,521,015
Income tax effect	20	(1,439,035)	(304,203)
		5,756,136	1,216,812
Actuarial income from employee benefit obligations		247,104	–
Income tax effect	20	(6,792)	–
		240,312	–
<b>Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net</b>		<b>14,642,534</b>	<b>55,864,381</b>
<b>Total other comprehensive income for the period, net of tax</b>		<b>14,642,534</b>	<b>55,864,381</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>24,105,625</b>	<b>82,795,927</b>

Signed and approved for issue on 19 August 2022.

General Director (Chairman of the Management Board)



Kurmanbayev T.N.

Acting Chief Accountant

  
 Sarmagambetova M.K.

*The accounting policy and explanatory notes on pages 7 through 26 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>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		12,721,518	35,402,914
<b>Non-cash adjustment to reconcile profit before income tax to net cash flows</b>			
Depreciation and amortization	16, 17	23,524,669	23,158,229
Finance expenses	19	2,388,298	1,987,623
Foreign exchange gain, net		(2,233,348)	(444,698)
Impairment of investment in subsidiary	4	1,810,505	1,706,566
Finance income	19	(989,056)	(1,663,532)
Employee benefits, current service costs	16, 17	482,969	512,090
Reversal, revision of estimates and accrual on asset retirement and land recultivation obligation, net	18	(138,877)	(1,073,178)
Write-off of VAT recoverable	17	50,674	35,826
Actuarial loss		45,500	-
Loss on disposal of property, plant and equipment and intangible assets, net		41,961	44,101
Others		37,912	(29,982)
<b>Operating cash flows before working capital changes</b>		<b>37,742,725</b>	<b>59,635,959</b>
<b>(Increase)/decrease in operating assets</b>			
Inventories		300,500	(926,155)
Trade and other accounts receivable		(3,854,773)	(795,461)
Advances to suppliers		(208,212)	279,870
VAT recoverable and other prepaid taxes		(50,865)	2,121,665
Other current assets		(7,422,916)	2,971,662
<b>Increase/(decrease) in operating liabilities</b>			
Trade and other accounts payable		(2,077,311)	(3,001,766)
Advances received		2,487,010	(3,033,210)
Other taxes payable		2,447,509	565,824
Other current and non-current liabilities and employee benefit obligations		4,539,620	(7,250,816)
<b>Cash generated from operating activities</b>		<b>33,903,287</b>	<b>50,567,572</b>
Income taxes paid		(6,605,326)	(7,966,309)
Interest received		730,201	1,045,281
<b>Net cash flows from operating activities</b>		<b>28,028,162</b>	<b>43,646,544</b>

*The accounting policy and explanatory notes on pages 7 through 26 form an integral part of these interim condensed separate financial statements.*



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

		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	Notes	2022	2021
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(19,395,773)	(20,534,014)
Withdrawal of bank deposits, net		9,055,534	20,954,666
Contributions to the share capital of a subsidiary	21	(3,040,000)	(1,100,000)
Proceeds from bonds redemption		6,749	156,581
Proceeds from sale of non-current assets held for sale		–	50,932
<b>Net cash flows used in investing activities</b>		<b>(13,373,490)</b>	<b>(471,835)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	10	(10,000,331)	(50,770,909)
Payment of lease liabilities		(1,304,929)	(1,480,662)
<b>Net cash flows used in financing activities</b>		<b>(11,305,260)</b>	<b>(52,251,571)</b>
<b>Net change in cash and cash equivalents</b>		<b>3,349,412</b>	<b>(9,076,862)</b>
Net foreign exchange difference		1,167,976	163,500
Change in allowance for expected credit losses		(11,485)	(261)
Cash and cash equivalents at the beginning of the period		33,605,655	38,297,169
<b>Cash and cash equivalents at the end of the period</b>		<b>38,111,558</b>	<b>29,383,546</b>

Signed and approved for issue on 19 August 2022.

General Director (Chairman of the Management Board)



Kurmanbayev T.N.

Acting Chief Accountant

Sarmagambetova M.K.

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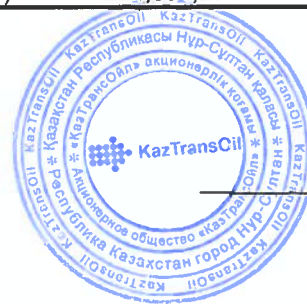

## INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Other capital reserves	Retained earnings	Total
<b>As at 31 December 2021 (audited)</b>	61,937,567	(9,549)	244,149,477	(4,307,809)	346,371,687	648,141,373
Net profit for the period	-	-	-	-	9,463,091	9,463,091
Other comprehensive income	-	-	14,402,222	240,312	-	14,642,534
<b>Total comprehensive income for the period</b>	-	-	14,402,222	240,312	9,463,091	24,105,625
Amortization of revaluation reserve for property, plant and equipment	-	-	(5,346,306)	-	5,346,306	-
Dividends (Note 10)	-	-	-	-	(10,000,331)	(10,000,331)
<b>As at 30 June 2022 (unaudited)</b>	61,937,567	(9,549)	253,205,393	(4,067,497)	351,180,753	662,246,667
<b>As at 31 December 2020 (audited)</b>	61,937,567	(9,549)	175,588,847	(5,997,772)	346,119,511	577,638,604
Net profit for the period	-	-	-	-	26,931,546	26,931,546
Other comprehensive income	-	-	55,864,381	-	-	55,864,381
<b>Total comprehensive income for the period</b>	-	-	55,864,381	-	26,931,546	82,795,927
Amortization of revaluation reserve for property, plant and equipment	-	-	(6,568,934)	-	6,568,934	-
Dividends (Note 10)	-	-	-	-	(50,770,909)	(50,770,909)
<b>As at 30 June 2021 (unaudited)</b>	61,937,567	(9,549)	224,884,294	(5,997,772)	328,849,082	609,663,622

Signed and approved for issue on 19 August 2022.

General Director (Chairman of the Management Board)

Acting Chief Accountant


  
 Kurmanbayev T.N.

  
 Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 7 through 26 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 2022****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 2022 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 2022 and 31 December 2021 the Company had interest ownership in the following companies:

	Place of incorporation	Principal activities	Ownership	
			30 June 2022	31 December 2021
“MunaiTas” LLP (hereinafter – “MunaiTas”)	Kazakhstan	Oil transportation	51%	51%
“Kazakhstan-China Pipeline” LLP (hereinafter – “KCP”)	Kazakhstan	Oil transportation	50%	50%
“Batumi Oil Terminal” (hereinafter – “BOT”)*	Georgia	Forwarding, transshipment and storage of oil and oil products and operating of Batumi Sea Port	100%	100%
“Petrotrans Limited” (hereinafter – “PTL”)	United Arab Emirates	Forwarding of oil and oil products	100%	100%
“Main Waterline” LLP (hereinafter – “Main Waterline”)	Kazakhstan	Water transportation	100%	100%

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

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

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

The Company is the national operator of the Republic of Kazakhstan on the main oil pipeline. The Company operates network of main oil pipelines of 5,373 km. The Company provides services on oil transportation via main pipelines, a transport expedition of Kazakhstani oil via pipeline networks of other states, services for the operation and maintenance of oil pipelines of other companies, including joint ventures of the Company. Group’s joint ventures MunaiTas and KCP own Kenkiyak – Atyrau, Kenkiyak – Kumkol, and Atasu – Alashankou pipelines mainly used for transportation of Kazakhstani crude oil, and also for transit of Russian oil to China.

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

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

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### 1. GENERAL INFORMATION (continued)

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

Starting from 1 January 2022 to 31 December 2022, the approved temporary tariff for pumping oil to the domestic market is 3,728.82 Tenge per ton for 1,000 kilometers without VAT (from 1 January 2021 to 30 November 2021: 4,355.57 Tenge per ton for 1,000 kilometers without VAT; from 1 December 2021 to 31 December 2021: 4,328.04 Tenge per ton for 1,000 kilometers without VAT).

Tariff for pumping oil on export from the Republic of Kazakhstan starting from 1 March 2020 equals to 7,358.76 Tenge per ton for 1,000 kilometers without VAT. Starting from 1 June 2022, tariff for the specified service was put into effect in the amount of 8,830.51 Tenge per ton for 1,000 kilometers without VAT.

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

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

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

These interim condensed separate financial statements for the six months ended 30 June 2022 were approved by Internal Audit Committee of the Company’s Board of Directors and signed by the General Director (Chairman of the Management Board) and the Acting Chief Accountant on 19 August 2022.

### 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 2022 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 2021.

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 separate 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 xx August 2022. A copy of the interim condensed consolidated financial statements are available on the Company’s corporate internet resource.

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

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Company’s annual separate financial statements for the year ended 31 December 2021, except for the adoption of new standards and interpretations effective as at 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

Some amendments are applied for the first time in 2022. The nature and the impact of each new standard and amendment are described below:

##### *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendment had no impact on the interim condensed separate financial statements of the Company, as there are no onerous contracts in the Company.

##### *Reference to the Conceptual Framework – Amendments to IFRS 3*

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed separate financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

##### *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed separate financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

##### *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed separate financial statements of the Company as it is not a first-time adopter.

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

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

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

##### *IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

These amendments had no effect on the interim condensed separate financial statements as there were no modifications of the Company's financial instruments during the period.

#### 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 2022 and 2021 are as follows:

<i>Tenge</i>	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
US Dollars	<b>450.06</b>	424.22
Russian Rubles	<b>6.08</b>	5.71
Euro	<b>492.40</b>	511.21

As at 30 June 2022 and 31 December 2021 the currency exchange rates of KASE are as follows:

<i>Tenge</i>	<b>30 June 2022</b>	<b>31 December 2021</b>
US Dollars	<b>470.34</b>	431.80
Russian Rubles	<b>8.98</b>	5.76
Euro	<b>490.47</b>	489.10

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

Property, plant and equipment as at 30 June 2022 and 31 December 2021 are as follows:

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
<b>Gross carrying amount as at 31 December 2021 (audited)</b>	5,480,298	276,715,066	19,418,897	85,158,240	161,604,080	201,418,200	10,923,086	27,941,159	788,659,026
Additions	-	-	63,450	-	6,179	-	30,736	16,683,679	16,784,044
Additions of asset retirement and land recultivation obligation (Note 13)	-	43,678	-	13,612,706	-	-	-	-	13,656,384
Changes due to the revision of estimates on asset retirement and land recultivation obligation (Note 13)	-	-	-	(3,238,167)	-	-	-	-	(3,238,167)
Transfers from construction in progress	-	2,086,125	79,615	1,046,448	3,654,100	-	13,049	(6,879,337)	-
Disposals	(14,116)	(87,277)	(46,666)	(81,937)	(589,960)	(282,330)	(349,837)	(45,744)	(1,497,867)
Revaluation (through revaluation reserve)	-	-	-	-	-	11,023,850	-	-	11,023,850
Transfers from non-current assets held for sale	73,519	-	-	672,938	31,483	-	604	-	778,544
<b>Gross carrying amount as at 30 June 2022 (unaudited)</b>	<b>5,539,701</b>	<b>278,757,592</b>	<b>19,515,296</b>	<b>97,170,228</b>	<b>164,705,882</b>	<b>212,159,720</b>	<b>10,617,638</b>	<b>37,699,757</b>	<b>826,165,814</b>
<b>Accumulated depreciation and impairment as at 31 December 2021 (audited)</b>	-	(32,702,207)	(5,324,112)	(13,782,867)	(49,159,136)	-	(6,158,013)	(410,496)	(107,536,831)
Depreciation charge	-	(8,027,780)	(1,098,640)	(3,554,122)	(9,000,496)	-	(811,620)	-	(22,492,658)
Disposals	-	86,760	46,666	48,071	582,640	226,758	349,407	44,552	1,384,854
Impairment (through expenses)	-	(12,882)	-	-	-	(10,515)	-	-	(23,397)
Impairment (through revaluation reserve)	-	-	-	-	-	(216,243)	-	-	(216,243)
Transfers from non-current assets held for sale	-	-	-	(231,183)	(5,325)	-	(604)	-	(237,112)
<b>Accumulated depreciation and impairment as at 30 June 2022 (unaudited)</b>	<b>-</b>	<b>(40,656,109)</b>	<b>(6,376,086)</b>	<b>(17,520,101)</b>	<b>(57,582,317)</b>	<b>-</b>	<b>(6,620,830)</b>	<b>(365,944)</b>	<b>(129,121,387)</b>
<b>As at 30 June 2022 (unaudited)</b>									
Gross carrying amount	5,539,701	278,757,592	19,515,296	97,170,228	164,705,882	212,159,720	10,617,638	37,699,757	826,165,814
Accumulated depreciation and impairment	-	(40,656,109)	(6,376,086)	(17,520,101)	(57,582,317)	-	(6,620,830)	(365,944)	(129,121,387)
<b>Net book value</b>	<b>5,539,701</b>	<b>238,101,483</b>	<b>13,139,210</b>	<b>79,650,127</b>	<b>107,123,565</b>	<b>212,159,720</b>	<b>3,996,808</b>	<b>37,333,813</b>	<b>697,044,427</b>
<b>As at 31 December 2021 (audited)</b>									
Gross carrying amount	5,480,298	276,715,066	19,418,897	85,158,240	161,604,080	201,418,200	10,923,086	27,941,159	788,659,026
Accumulated depreciation and impairment	-	(32,702,207)	(5,324,112)	(13,782,867)	(49,159,136)	-	(6,158,013)	(410,496)	(107,536,831)
<b>Net book value</b>	<b>5,480,298</b>	<b>244,012,859</b>	<b>14,094,785</b>	<b>71,375,373</b>	<b>112,444,944</b>	<b>201,418,200</b>	<b>4,765,073</b>	<b>27,530,663</b>	<b>681,122,195</b>



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

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

As at 30 June 2022 construction in progress mainly includes the following production facilities:

- Replacement of pipeline sections of 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 June 2022:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated, but still in use property, plant and equipment 2,838,791 thousand Tenge (as at 31 December 2021: 2,520,878 thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 2,398,855 thousand Tenge (as at 31 December 2021: 3,563,507 thousand Tenge), which were acquired for construction works.

Depreciation of property, plant, and equipment for six months ended 30 June 2022, included in the cost of construction in progress amounted to 12,148 thousand Tenge (for six months ended 30 June 2021: 8,384 thousand Tenge).

Due to significant changes in the oil price on domestic market, the fair value of the Company's technological oil during six months period ended 30 June 2022 was increased for the amount of 11,023,850 thousand Tenge through other comprehensive income (during six months ended 30 June 2021: 68,328,127 thousand Tenge). As at 30 June 2022 the average oil price at domestic market was 80,849 Tenge per ton (as at 31 December 2021: 76,648 Tenge per ton), the volume of oil in pipelines, included in property, plant, and equipment, amounted 2,624 thousand tons (as at 31 December 2021: 2,628 thousand tons).

### 4. INVESTMENTS IN SUBSIDIARIES

As at 30 June 2022 and 31 December 2021 investments in subsidiaries are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
Main Waterline	<b>69,140,075</b>	67,910,580
BOT	<b>9,182,546</b>	9,182,546
PTL	<b>2,820,886</b>	2,820,886
<b>Total</b>	<b>81,143,507</b>	79,914,012

The movement of investments in subsidiaries for six months ended 30 June 2022 and 2021 is as follows:

<i>In thousands of Tenge</i>	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
<b>At the beginning of the period (audited)</b>	<b>79,914,012</b>	69,854,721
Contribution to the charter capital of Main Waterline	<b>3,040,000</b>	1,100,000
Impairment of investments in Main Waterline	<b>(1,810,505)</b>	(1,706,566)
<b>At the end of the period (unaudited)</b>	<b>81,143,507</b>	69,248,155

During the six months 2022 the Company made a contribution to the charter capital of Main Waterline by transferring the cash contribution in the amount of 3,040,000 thousand Tenge (during six months 2021: 1,100,000 thousand Tenge).

Due to the presence of impairment indicators during six months ended 30 June 2022, the Company recognised an impairment of its investment in Main Waterline in the amount of the excess of the carrying amount of the investment over its recoverable amount, which was equal to 1,810,505 thousand Tenge (during six months ended 30 June 2021: 1,706,566 Tenge).

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

**5. TRADE AND OTHER ACCOUNTS RECEIVABLE**

Current trade and other accounts receivable as at 30 June 2022 and 31 December 2021 are as follows:

	<b>30 June 2022</b>	<b>31 December 2021</b>
<i>In thousands of Tenge</i>	<b>(unaudited)</b>	<b>(audited)</b>
Trade accounts receivable from related parties (Note 21)	<b>6,751,384</b>	2,223,558
Trade accounts receivable from third parties	<b>1,445,292</b>	2,147,306
Other accounts receivable from third parties	<b>721,676</b>	710,537
Other accounts receivable from related parties (Note 21)	<b>509</b>	509
Less: allowance for expected credit losses	<b>(858,664)</b>	(880,873)
<b>Total</b>	<b>8,060,197</b>	4,201,037

Trade and other accounts receivable of the Company as at 30 June 2022 and 31 December 2021 are denominated in the following currencies:

	<b>30 June 2022</b>	<b>31 December 2021</b>
<i>In thousands of Tenge</i>	<b>(unaudited)</b>	<b>(audited)</b>
Tenge	<b>8,052,772</b>	4,198,876
Russian Rubles	<b>7,425</b>	2,161
<b>Total</b>	<b>8,060,197</b>	4,201,037

**6. VAT AND OTHER TAXES**

VAT recoverable and other prepaid taxes as at 30 June 2022 and 31 December 2021 are as follows:

	<b>30 June 2022</b>	<b>31 December 2021</b>
<i>In thousands of Tenge</i>	<b>(unaudited)</b>	<b>(audited)</b>
Current VAT recoverable	<b>5,702</b>	1,410,050
Other taxes prepaid	<b>60,270</b>	266,738
<b>Total</b>	<b>65,972</b>	1,676,788

Other taxes payable as at 30 June 2022 and 31 December 2021 are as follows:

	<b>30 June 2022</b>	<b>31 December 2021</b>
<i>In thousands of Tenge</i>	<b>(unaudited)</b>	<b>(audited)</b>
VAT payable	<b>1,087,692</b>	6,129
Personal income tax	<b>495,628</b>	606,773
Social tax	<b>383,750</b>	527,900
Property tax	<b>-</b>	15,338
Other taxes	<b>50,731</b>	25,159
<b>Total</b>	<b>2,017,801</b>	1,181,299

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

### **7. OTHER CURRENT ASSETS**

Other current assets as at 30 June 2022 and 31 December 2021 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
Due for oil transportation coordination services	<b>7,134,380</b>	5,378,118
Dividend receivable (Note 21)	<b>5,000,000</b>	–
Prepaid insurance	<b>936,946</b>	171,623
Deferred income of third parties	<b>141,449</b>	281,337
Due from employees	<b>56,470</b>	17,188
Other	<b>1,561</b>	877
<b>Total</b>	<b>13,270,806</b>	5,849,143

Based on the decision of General meeting of KCP members dated 30 June 2022, the Company accrued the dividends in the amount of 5,000,000 thousand Tenge based on the 2021 results.

### **8. BANK DEPOSITS**

Bank deposits as at 30 June 2022 and 31 December 2021 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
Long-term bank deposits – Tenge	<b>1,086,532</b>	1,426,867
Short-term bank deposits – US Dollars	–	8,636,000
Accrued interest on deposits – Tenge	–	31,380
Accrued interest on deposits – US Dollars	–	1,583
Less: allowance for expected credit losses	<b>(1,921)</b>	(6,357)
<b>Total</b>	<b>1,084,611</b>	10,089,473

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

In accordance with the maturity, bank deposits as at 30 June 2022 and 31 December 2021 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
Long-term bank deposits with maturity over 1 year	<b>1,084,611</b>	1,424,328
Short-term bank deposits with maturity under 1 year	–	8,665,145
<b>Total</b>	<b>1,084,611</b>	10,089,473

As at 30 June 2022 and 31 December 2021 long-term bank deposits comprised of restricted bank deposits with interest from 2% to 3.5% per annum maturing in 2028 and in 2030, arranged for the purpose of preferential lending rates for the Company's employees for the purchase of residential property.

As at 31 December 2021 US Dollar denominated short-term deposits with maturity from 3 to 12 months were placed with interest 0.6% per annum, maturing in June 2022.

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

### **9. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as at 30 June 2022 and 31 December 2021 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
Time deposits with banks – Tenge	<b>25,779,576</b>	20,630,285
Current accounts with banks – US Dollars	<b>11,199,635</b>	12,743,812
Current accounts with banks – Russian Rubles	<b>940,091</b>	29,900
Current accounts with banks – Tenge	<b>217,580</b>	201,373
Other current accounts with banks	<b>10,700</b>	24,923
Cash on hand	<b>328</b>	229
Less: allowance for expected credit losses	<b>(36,352)</b>	(24,867)
<b>Total</b>	<b>38,111,558</b>	33,605,655

As at 30 June 2022:

- Current accounts and time deposits with maturity less than 3 months in Tenge placed with Kazakhstani banks carried interest ranging from 6.75% to 13.40% per annum (as at 31 December 2021: from 6.75% to 9.05% per annum);
- Interest for current accounts placed in US Dollars was 0.25% per annum (as at 31 December 2021: 0.25% per annum).

### **10. EQUITY**

#### **Asset revaluation reserve**

The book value of the asset revaluation reserve as at 30 June 2022 is 253,205,393 thousand Tenge (as at 31 December 2021: 244,149,477 thousand Tenge). Change in the reserve of the Company is mainly due to the revaluation of technological oil (*Note 3*) and the revision of the provision for asset retirement and land recultivation obligation (*Note 13*), considering deferred income tax (*Note 20*), as well as amortization of the revaluation reserve for fixed assets.

#### **Dividends**

During the six months period ended 30 June 2022 the Company accrued dividends payable according to the decision of the general meeting of shareholders dated 19 May 2022 in the amount of 10,000,331 thousand Tenge based on the results of 2021 (calculated as 26 Tenge per 1 share), from which 9,000,473 thousand Tenge will be paid to KMG (*Note 21*) and 999,858 thousand Tenge – to minority shareholders.

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

#### **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.

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

### **10. EQUITY (continued)**

#### **Earnings per share (continued)**

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

<i>In thousands of Tenge</i>	<b>For the six months ended 30 June (unaudited)</b>	
	<b>2022</b>	<b>2021</b>
Net profit attributable to ordinary equity holders	<b>9,463,091</b>	26,931,546
Weighted average number of ordinary shares for the period for basic earnings per share	<b>384,628,099</b>	384,628,099
<b>Basic earnings per share, in relation to profit for the period attributable to ordinary equity holders of the Company (in Tenge)</b>	<b>25</b>	<b>70</b>

#### **Book value per ordinary share**

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

<i>In thousands of Tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
<b>Total assets</b>	<b>869,830,278</b>	848,739,689
Less: intangible assets	<b>(1,198,035)</b>	(1,227,448)
Less: total liabilities	<b>(207,583,611)</b>	(200,598,316)
<b>Net assets for calculation of book value per ordinary share</b>	<b>661,048,632</b>	646,913,925
Number of ordinary shares	<b>384,628,099</b>	384,628,099
<b>Book value per ordinary share (in Tenge)</b>	<b>1,719</b>	<b>1,682</b>

### **11. TRADE AND OTHER ACCOUNTS PAYABLE**

Trade and other accounts payable as at 30 June 2022 and 31 December 2021 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
Trade accounts payable to third parties for goods and services	<b>6,249,213</b>	12,729,991
Trade accounts payable to related parties for goods and services ( <i>Note 21</i> )	<b>1,255,389</b>	2,553,807
Other accounts payable to third parties	<b>1,075,051</b>	1,176,005
<b>Total</b>	<b>8,579,653</b>	16,459,803

As at 30 June 2022 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 3,360,291 thousand Tenge (as at 31 December 2021: 9,531,536 thousand Tenge). The decrease of accounts payable is due to their repayment during the reporting period.

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

### **11. TRADE AND OTHER ACCOUNTS PAYABLE (continued)**

Trade and other accounts payable as at 30 June 2022 and 31 December 2021 are denominated in the following currencies:

<i>In thousands of Tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
Tenge	<b>8,556,447</b>	16,426,354
Russian Rubles	<b>13,100</b>	25,569
US Dollars	<b>10,106</b>	7,880
<b>Total</b>	<b>8,579,653</b>	16,459,803

### **12. CONTRACT LIABILITIES TO CUSTOMERS**

Current contract liabilities to customers as at 30 June 2022 and 31 December 2021 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
Advances received from related parties ( <i>Note 21</i> )	<b>12,738,387</b>	11,075,142
Advances received from third parties	<b>7,789,781</b>	7,741,447
<b>Total</b>	<b>20,528,168</b>	18,816,589

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)****13. 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 2022 and 2021 is as follows:

	For the six months ended 30 June					
	Provision for oil pipelines and landfills	Provision for OPS	Total	Provision for oil pipelines and landfills	Provision for OPS	Total
<i>In thousands of Tenge</i>	2022	2022	2022	2021	2021	2021
<b>At the beginning of the period (audited)</b>	<b>34,547,151</b>	<b>–</b>	<b>34,547,151</b>	33,688,837	–	33,688,837
Charge for the period through asset ( <i>Note 3</i> )	<b>43,678</b>	<b>13,612,706</b>	<b>13,656,384</b>	76,957	–	76,957
Charge for the period through profit and loss ( <i>Note 18</i> )	<b>–</b>	<b>1,135,708</b>	<b>1,135,708</b>	–	–	–
Revision of estimates through other comprehensive income	<b>(7,195,171)</b>	<b>–</b>	<b>(7,195,171)</b>	(1,521,015)	–	(1,521,015)
Revision of estimates through profit and loss ( <i>Note 18</i> )	<b>(943,388)</b>	<b>(270,160)</b>	<b>(1,213,548)</b>	(400,763)	–	(400,763)
Revision of estimates through asset ( <i>Note 3</i> )	<b>–</b>	<b>(3,238,167)</b>	<b>(3,238,167)</b>	–	–	–
Reversed through profit and loss ( <i>Note 18</i> )	<b>(61,037)</b>	<b>–</b>	<b>(61,037)</b>	(672,415)	–	(672,415)
Unwinding of discount ( <i>Note 19</i> )	<b>1,079,702</b>	<b>487,265</b>	<b>1,566,967</b>	1,112,134	–	1,112,134
<b>At the end of the period (unaudited)</b>	<b>27,470,935</b>	<b>11,727,352</b>	<b>39,198,287</b>	32,283,735	–	32,283,735

In accordance with the amendments in the Environmental Code of the Republic of Kazakhstan, the Group recognized an obligation to decommission oil pumping stations (OPS) in the amount of 14,748,414 thousand Tenge.

As at 30 June 2022 the Company revised the long-term provisions considering current best estimate, which was based on the discount rate of 7.89% (as at 31 December 2021: 6.72%) and the inflation rate of 4.66% (as at 31 December 2021 the inflation rate was 5.49%).



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

### 14. OTHER CURRENT LIABILITIES

Other current liabilities as at 30 June 2022 and 31 December 2021 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
Liabilities for oil transportation coordination services to related parties (Note 21)	<b>13,693,217</b>	8,873,343
Liabilities for oil transportation coordination services to third parties	<b>7,676,119</b>	4,163,649
Salaries and other compensations	<b>6,936,855</b>	10,611,504
Accounts payable to pension fund	<b>847,298</b>	852,769
Other accruals	<b>167,430</b>	132,222
<b>Total</b>	<b>29,320,919</b>	24,633,487

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

### 15. REVENUE

Revenue for the six months ended 30 June 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>For the six months ended 30 June (unaudited)</b>	
	<b>2022</b>	<b>2021</b>
Crude oil transportation	<b>84,766,779</b>	95,277,063
Pipeline operation and maintenance services	<b>9,856,709</b>	9,103,804
Fees for undelivered oil volumes	<b>956,745</b>	1,495,336
Oil transportation coordination services	<b>217,134</b>	299,875
Oil storage services	<b>27,378</b>	36,646
Other	<b>15,581</b>	26,487
<b>Total</b>	<b>95,840,326</b>	106,239,211

#### Geographic regions

Kazakhstan	<b>82,779,669</b>	93,457,430
Russia	<b>13,060,657</b>	12,781,781
<b>Total revenue under contracts with customers</b>	<b>95,840,326</b>	106,239,211

#### Timing of revenue recognition

At a point in time	<b>85,983,617</b>	97,135,407
Over time	<b>9,856,709</b>	9,103,804
<b>Total revenue under contracts with customers</b>	<b>95,840,326</b>	106,239,211

For the six months ended 30 June 2022 the revenue from four major customers amounted to 21,533,409 thousand Tenge, 12,689,700 thousand Tenge, 9,141,409 thousand Tenge and 5,806,514 thousand Tenge (for the six months ended 30 June 2021: 24,486,475 thousand Tenge, 15,344,926 thousand Tenge, 8,832,127 thousand Tenge and 6,184,366 thousand Tenge, respectively).

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

### 16. COST OF SALES

Cost of sales for the six months ended 30 June 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2022	2021
Personnel costs	38,045,438	22,681,464
Depreciation and amortization	22,949,354	22,535,753
Taxes other than income tax	4,601,473	3,966,944
Repair and maintenance	3,179,178	3,038,778
Security services	3,046,210	2,646,475
Electric energy	2,971,615	2,720,042
Materials and fuel	2,345,288	2,657,615
Gas expense	1,235,553	1,426,018
Food and accommodation	1,040,393	1,037,594
Environmental protection	491,474	909,168
Post-employment benefits	456,937	486,639
Business trip expenses	399,886	331,499
Insurance	343,277	266,439
Air services	325,637	71,154
Outstaffing services	210,628	232,865
Communication services	153,933	176,810
Other	1,183,680	962,169
<b>Total</b>	<b>82,979,954</b>	<b>66,147,426</b>

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

### 17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the six months ended 30 June 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2022	2021
Personnel costs	2,792,931	2,532,060
Depreciation and amortization	575,315	622,476
Office maintenance	186,497	267,836
Repair and maintenance	135,066	115,518
Taxes other than income tax	117,606	111,200
Outstaffing services	105,812	98,730
Information expenses	68,547	67,262
Auditing and consulting services	67,104	55,938
Business trip expenses	65,265	46,470
Write-off of VAT recoverable	50,674	35,826
Communication services	46,688	49,038
Bank costs	37,173	31,235
Post-employment benefits	26,032	25,451
Materials and fuel	24,383	15,624
Other	267,515	198,590
<b>Total</b>	<b>4,566,608</b>	<b>4,273,254</b>

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

### 18. OTHER OPERATING INCOME AND EXPENSES

Other operating income for the six months ended 30 June 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2022	2021
Income from fines and penalties	377,302	135,074
Income from reversal, revision of estimates and accrual on asset retirement and land recultivation obligation, net (Note 13)	138,877	1,073,178
Income from sale of inventories, net	5,511	36,743
Other income	31,045	53,582
<b>Total</b>	<b>552,735</b>	<b>1,298,577</b>

### 19. FINANCE INCOME AND EXPENSES

Finance income for the six months ended 30 June 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2022	2021
Interest income on bank deposits and current accounts	847,787	1,209,166
Unwinding of discount on long-term receivables	92,729	98,951
Income from revision of bond's fair value	42,692	269,764
Reversal of allowance for expected credit losses of cash and cash equivalents and bank deposits, net	5,848	85,651
<b>Total</b>	<b>989,056</b>	<b>1,663,532</b>

Finance expenses for the six months ended 30 June 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2022	2021
Unwinding of discount on asset retirement and land recultivation obligation reserve (Note 13)	1,566,967	1,112,134
Net interest cost on employee benefit obligations	736,712	583,319
Amortization of discount on lease liabilities	76,330	145,722
Other finance expenses	8,289	146,448
<b>Total</b>	<b>2,388,298</b>	<b>1,987,623</b>

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

### 20. INCOME TAX EXPENSE

Income tax expenses for the six months ended 30 June 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>For the six months ended 30 June (unaudited)</b>	
	<b>2022</b>	<b>2021</b>
Current income tax expense	<b>3,816,951</b>	8,624,716
Adjustments of the past periods	<b>139,049</b>	212,405
Deferred income tax benefit	<b>(697,573)</b>	(365,753)
<b>Income tax expense</b>	<b>3,258,427</b>	8,471,368

Movement in deferred income tax liabilities for the six months ended 30 June 2022 and 2021 is as follows:

<i>In thousands of Tenge</i>	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
<b>At the beginning of the period (audited)</b>	<b>81,124,746</b>	63,095,307
Charged to profit and loss	<b>(697,573)</b>	(365,753)
Charged to other comprehensive income	<b>3,607,348</b>	13,966,096
<b>At the end of the period (unaudited)</b>	<b>84,034,521</b>	76,695,650

### 21. RELATED PARTY TRANSACTIONS

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

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

The following tables provide the total amount of transactions, which have been entered into with related parties during the six months ended 30 June 2022 and 2021 and also the related balances as at 30 June 2022 and 31 December 2021.

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

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
<b>Trade and other accounts receivable from related parties</b>			
Trade accounts receivable from joint ventures of the Company		<b>6,172,767</b>	1,169,519
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		<b>474,613</b>	949,952
Trade accounts receivable from entities under common control of KMG		<b>104,004</b>	104,087
<b>Total trade accounts receivable from related parties</b>	<b>5</b>	<b>6,751,384</b>	2,223,558
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna Group			
	<b>5</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>(10,188)</b>	(6,175)
<b>Total trade and other accounts receivable from related parties</b>		<b>6,741,705</b>	2,217,892

Trade receivables from joint ventures of the Company as at 30 June 2022 are represented by services rendered by the Company to joint ventures KCP and MunaiTas. As the 2021 contracts were terminated and the procedure of contracts negotiation for 2022 has not yet been completed, the Company recognized accounts receivable from KCP and MunaiTas on an accrual basis, based on the best estimate of the Company's management.

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

### 21. RELATED PARTY TRANSACTIONS (continued)

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>		30 June 2022 (unaudited)	31 December 2021 (audited)
<b>Advances paid to related parties</b>			
Advances paid to entities under common control of KMG		1,653	–
Advances paid to entities under common control of Samruk-Kazyna Group		1,017	1,069
<b>Total advances paid to related parties</b>		<b>2,670</b>	<b>1,069</b>

Other current assets from related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
Dividends receivable from joint venture of the Company	7	5,000,000	–
<b>Total other current assets from related parties</b>		<b>5,000,000</b>	<b>–</b>

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

<i>In thousands of Tenge</i>	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
<b>Trade and other accounts payable to related parties for goods and services</b>			
Trade accounts payable to entities under common control of KMG		781,685	2,059,872
Trade accounts payable to entities under common control of Samruk-Kazyna Group		349,429	482,390
Trade accounts payable to joint ventures of the Company		124,275	11,545
<b>Total trade accounts payable to related parties for goods and services</b>	11	<b>1,255,389</b>	<b>2,553,807</b>

Contract liabilities to customers to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
<b>Contract liabilities to customers to related parties</b>			
Advances received from entities under common control of KMG		12,578,448	10,905,582
Advances received from entities under common control of Samruk-Kazyna Group		159,939	169,560
<b>Total contract liabilities to customers to related parties</b>	12	<b>12,738,387</b>	<b>11,075,142</b>

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

### 21. RELATED PARTY TRANSACTIONS (continued)

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
<b>Liabilities for oil transportation coordination services to related parties</b>			
Liabilities for oil transportation coordination services to entities under common control of KMG		13,693,217	8,873,343
<b>Total liabilities for oil transportation coordination services to related parties</b>	14	<b>13,693,217</b>	<b>8,873,343</b>
<b>Employee benefits obligation of key management personnel</b>			
Employee benefits obligation of key management personnel		70,239	26,649
<b>Total employee benefits obligation of key management personnel</b>		<b>70,239</b>	<b>26,649</b>
<b>Total other current liabilities to related parties</b>		<b>13,763,456</b>	<b>8,899,992</b>

The following tables provide the total amount of transactions, which have been entered into with related parties during the six months ended 30 June 2022 and 2021:

<i>In thousands of Tenge</i>	<b>For the six months ended 30 June (unaudited)</b>	
	<b>2022</b>	<b>2021</b>
<b>Sales to related parties</b>		
Revenue from main activities with entities under common control of KMG	47,923,861	55,071,250
Revenue from main activities with joint ventures of the Company	5,514,978	5,133,359
Revenue from main activities with entities under common control of Samruk-Kazyna Group	3,710,846	3,834,603
Revenue from main activities with subsidiaries of the Company	397,497	419,323
Other income with entities under common control of Samruk-Kazyna Group	106,214	22,111
Other income with entities under common control of KMG	57,887	3,521
Other income with subsidiaries of the Company	2,991	–
<b>Total</b>	<b>57,714,274</b>	<b>64,484,167</b>

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

Dividend income of the Company from transactions with related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>For the six months ended 30 June (unaudited)</b>	
		<b>2022 года</b>	<b>2021 года</b>
<b>Dividend income from related parties</b>			
Dividend income from joint ventures	7	5,000,000	–
<b>Итого</b>		<b>5,000,000</b>	<b>–</b>

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

### 21. RELATED PARTY TRANSACTIONS (continued)

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

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2022	2021
<b>Purchases from related parties</b>		
Purchases of services from entities under common control of KMG	2,582,376	3,020,439
Purchases of services from entities under common control of Samruk-Kazyna Group	1,476,407	896,305
Purchases of services from subsidiaries of the Company	277,553	345,119
Purchases of inventory from subsidiary of the Company	184,875	1,804,534
Purchases of services from joint ventures of the Company	103,924	41,839
Purchases of inventory from entities under common control of KMG and Samruk-Kazyna Group	199	228
Purchases of property, plant and equipment and intangible assets from subsidiary of the Company	326,857	686,029
<b>Total</b>	<b>4,952,191</b>	<b>6,794,493</b>

Cash flows to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2022	2021
<b>Cash flows to related parties</b>			
Payment of KMG dividends	10	(9,000,473)	(45,694,709)
Contribution to the share capital of the Main Waterline	4	(3,040,000)	(1,100,000)
<b>Total</b>		<b>(12,040,473)</b>	<b>(46,794,709)</b>

Total accrued compensation to key management personnel for the six months ended 30 June 2022 amounts to 161,386 thousand Tenge (for the six months ended 30 June 2021: 164,831 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal regulations.

### 22. CONTINGENT LIABILITIES AND COMMITMENTS

Information on contingent liabilities and commitments of the Company is disclosed in the separate financial statements for the year ended 31 December 2021. During the six months ended 30 June 2022 there were no significant changes, except for the following:

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

As at 30 June 2022 the Company had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 40,125,717 thousand Tenge (31 December 2021: 49,049,831 thousand Tenge).

#### Investment program commitments

In November 2020, by a joint order of the Ministry of Energy of the Republic of Kazakhstan and the CRNM, an investment program for 2021-2025 was approved, according to which the Company has the obligation to fulfill during the period from 2021 to 2025 in the amount of 214.2 billion Tenge. As at 30 June 2022, the balance of obligation under the investment program to be fulfilled was 169.3 billion Tenge.

### 23. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise trade and other payables. These financial instruments mainly arise in the course of 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.



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

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**24. EVENTS AFTER THE REPORTING PERIOD**

On 22 July 2022, by the decision of General meeting of members, KCP paid dividends to the Company in the amount of 5,000,000 thousand Tenge based on the 2021 results.

On 4 August 2022, by the decision of General meeting of members, MunaiTas paid dividends to the Company in the amount of 2,636,855 thousand Tenge based on the 2021 results.

During the period from 14 July till 8 August 2022, by the decision of the Board of Directors, the Company made an additional contribution to the charter capital of Main Waterline in the amount of 2,100,000 thousand Tenge