

KazTransOil JSC

Interim condensed consolidated financial statements

For the six months ended 30 June 2022



CONTENTS

Report on review of interim condensed consolidated financial information

Interim condensed consolidated financial statements

Interim consolidated statement of financial position.....	1-2
Interim consolidated statement of comprehensive income	3-4
Interim consolidated statement of cash flows	5-6
Interim consolidated statement of changes in equity	7
Notes to the interim condensed consolidated financial statements	8-36

Report on review of interim condensed consolidated financial statements

To the management and shareholders of KazTransOil JSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of KazTransOil JSC and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2022 and the related interim consolidated 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 and its subsidiaries is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP

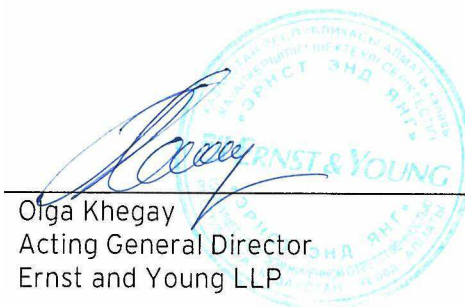


Adil Syzdykov
Auditor

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

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

19 August 2022



Olga Khegay
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 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of Tenge</i>	Notes	As at 30 June 2022 (unaudited)	As at 31 December 2021 (audited)
Assets			
Non-current assets			
Property, plant and equipment	3	822,825,147	803,073,178
Right-of-use assets		944,723	1,111,472
Intangible assets		8,249,943	7,352,234
Investments in joint ventures	4	80,125,835	74,096,113
Advances to suppliers for property, plant and equipment	5	3,272,330	6,443,725
VAT recoverable		4,495,821	4,356,465
Other long-term accounts receivable		1,005,069	913,384
Bank deposits	9	1,084,611	1,424,328
Deferred tax assets	21	2,743,238	2,254,677
Other non-current assets		102,064	93,701
		924,848,781	901,119,277
Current assets			
Inventories		8,183,795	8,141,938
Trade and other accounts receivable	6	10,178,080	7,143,184
Advances to suppliers		2,838,469	414,279
Prepayment for income tax		4,667,836	1,777,447
VAT recoverable and other prepaid taxes	7	7,804,410	8,149,910
Other current assets	8	13,389,438	5,896,254
Bank deposits	9	–	8,665,145
Investments in bonds		789,650	753,707
Cash and cash equivalents	10	47,055,084	40,498,972
		94,906,762	81,440,836
Non-current assets held for sale		54,511	602,408
		94,961,273	82,043,244
Total assets		1,019,810,054	983,162,521

The accounting policy and explanatory notes on pages 8 through 36 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of Tenge</i>	Notes	As at 30 June 2022 (unaudited)	As at 31 December 2021 (audited)
Equity and liabilities			
Equity			
Share capital		61,937,567	61,937,567
Treasury shares repurchased from shareholders		(9,549)	(9,549)
Asset revaluation reserve	11	294,504,838	285,685,165
Foreign currency translation reserve		45,648,683	40,632,765
Other capital reserves		(4,069,945)	(4,310,257)
Retained earnings		366,487,973	353,172,325
Total equity		764,499,567	737,108,016
Non-current liabilities			
Employee benefit obligations		21,842,309	21,433,483
Deferred tax liabilities	21	83,924,032	81,019,373
Provision for asset retirement and land recultivation obligation	14	39,198,287	34,547,151
Contract liabilities to customers	12	29,771,344	30,179,505
Lease liabilities		186,637	267,714
Trade and other accounts payable		72,670	-
		174,995,279	167,447,226
Current liabilities			
Current part of employee benefit obligations		896,372	722,893
Income tax payable		1,300,960	1,129,157
Trade and other accounts payable	13	13,269,680	20,020,122
Lease liabilities		899,701	1,393,200
Contract liabilities to customers	12	24,218,495	21,850,025
Other taxes payable		7,795,463	6,191,424
Provisions	14	1,515,922	1,441,364
Other current liabilities	15	30,418,615	25,859,094
		80,315,208	78,607,279
Total liabilities		255,310,487	246,054,505
Total equity and liabilities		1,019,810,054	983,162,521
Book value per ordinary share (in Tenge)	11	1,966	1,897

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 8 through 36 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of Tenge</i>	Notes	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
		2022	2021	2022	2021
Revenue	16	60,395,335	58,487,826	116,456,652	116,803,772
Cost of sales	17	(56,299,772)	(38,667,659)	(101,644,404)	(76,361,632)
Gross profit		4,095,563	19,820,167	14,812,248	40,442,140
General and administrative expenses	18	(3,144,076)	(2,778,793)	(6,508,760)	(6,677,298)
Other operating income	19	313,449	(3,067)	760,579	1,537,575
Other operating expenses	19	(365,160)	372,301	(286,873)	(34,913)
Operating profit		899,776	17,410,608	8,777,194	35,267,504
Net foreign exchange gain/(loss)		(416,217)	(304,840)	1,947,559	174,470
Finance income	20	653,042	1,038,884	1,144,494	2,100,175
Finance expenses	20	(1,417,233)	(874,708)	(2,389,499)	(1,987,725)
Share in income of joint ventures	4	6,297,211	3,796,393	9,123,261	6,407,682
Profit before income tax		6,016,579	21,066,337	18,603,009	41,962,106
Income tax expense	21	(401,050)	(3,906,876)	(2,776,040)	(8,108,678)
Net profit for the period		5,615,529	17,159,461	15,826,969	33,853,428
Earnings per share (in Tenge)	11	15	45	41	88
Other comprehensive income					
<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		1,821,522	1,943,705	5,015,918	1,431,842
Total other comprehensive income to be reclassified to profit or loss in subsequent periods, net		1,821,522	1,943,705	5,015,918	1,431,842

The accounting policy and explanatory notes on pages 8 through 36 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 June (unaudited)		For the six months ended 30 June (unaudited)	
		2022	2021	2022	2021
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Revaluation and impairment of property, plant and equipment of the Group, net		32,329,502	58,810,562	10,807,607	68,309,462
Income tax effect	21	(6,465,900)	(11,762,112)	(2,161,521)	(13,661,892)
		25,863,602	47,048,450	8,646,086	54,647,570
Reversal/(charge) of provision for asset retirement and land recultivation obligation of the Group					
	14	4,463,997	(1,559,927)	7,195,171	1,521,015
Income tax effect	21	(892,800)	311,985	(1,439,035)	(304,203)
		3,571,197	(1,247,942)	5,756,136	1,216,812
Reversal/(charge) of provision on asset retirement and land recultivation obligation of the joint ventures					
		1,411,073	(491,476)	2,383,077	486,146
Income tax effect		(282,215)	98,295	(476,616)	(97,229)
	4	1,128,858	(393,181)	1,906,461	388,917
Actuarial income from employee benefit obligations of the Group					
		247,104	–	247,104	–
Income tax effect	21	(6,792)	–	(6,792)	–
		240,312	–	240,312	–
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net		30,803,969	45,407,327	16,548,995	56,253,299
Total other comprehensive income for the period, net of tax		32,625,491	47,351,032	21,564,913	57,685,141
Total comprehensive income for the period, net of tax		38,241,020	64,510,493	37,391,882	91,538,569

Signed and approved for issue on 19 August 2022.

General Director (Chairman of the Management Board)



Kurmanbayev T.N.

Acting Chief Accountant



Sarmagamberova M.K.

The accounting policy and explanatory notes on pages 8 through 36 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	Notes	2022	2021
Cash flows from operating activities			
Profit before income tax		18,603,009	41,962,106
Non-cash adjustment to reconcile profit before income tax to net cash flows			
Depreciation and amortization	17, 18	27,061,265	26,599,182
Share in income of joint ventures	4	(9,123,261)	(6,407,682)
Finance expenses	20	2,389,499	1,987,725
Foreign exchange gain, net		(1,947,559)	(174,470)
Amortisation of deferred income		(1,187,243)	(487,197)
Finance income	20	(1,144,494)	(2,100,175)
Employee benefits expenses, current service costs	17, 18	482,969	512,090
Reversal, revision of estimates and charge of asset retirement and land recultivation obligation, net	19	(138,877)	(1,073,178)
Loss on disposal of property, plant and equipment and intangible assets, net	19	137,047	59,802
Charge of allowance for expected credit losses, net	18	132,262	149,754
Charge of short-term provisions	18, 19	55,357	509,489
Write-off of VAT recoverable	18	50,674	36,250
Actuarial losses	19	45,500	—
Others		29,846	(92,866)
Operating cash flows before working capital changes		35,445,994	61,480,830
(Increase)/decrease in operating assets			
Inventories		59,411	(1,281,038)
Trade and other accounts receivable		(3,134,385)	(1,289,061)
Advances to suppliers		(2,326,570)	229,552
VAT recoverable and other prepaid taxes		(794,626)	1,664,041
Other current assets		(2,475,934)	2,980,965
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		(412,384)	(2,870,666)
Advances received		2,850,710	(1,287,539)
Other taxes payable		2,932,040	903,782
Other current and non-current liabilities and employee benefit obligations		3,266,974	(9,844,752)
Cash generated from operating activities		35,411,230	50,686,114
Income taxes paid		(6,717,541)	(8,068,541)
Interest received		867,658	1,417,106
Net cash flows from operating activities		29,561,347	44,034,679

*The accounting policy and explanatory notes on pages 8 through 36 form
an integral part of these interim condensed consolidated financial statements.*

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	Notes	2022	2021
Cash flows from investing activities			
Withdrawal of bank deposits, net		9,055,534	20,954,666
Purchase of property, plant and equipment and intangible assets		(22,491,055)	(24,664,920)
Proceeds from bonds redemption		6,749	156,581
Proceeds from sale of non-current assets held for sale and property, plant and equipment		24,303	51,352
Net cash flows used in investing activities		(13,404,469)	(3,502,321)
Cash flows from financing activities			
Dividends paid	11	(10,000,331)	(50,770,909)
Payment of lease liabilities		(1,306,076)	(1,480,662)
Net cash flows used in financing activities		(11,306,407)	(52,251,571)
Net change in cash and cash equivalents		4,850,471	(11,719,213)
Net foreign exchange difference		1,717,119	219,879
Change in allowance for expected credit losses		(11,478)	(246)
Cash and cash equivalents at the beginning of the period		40,498,972	52,014,612
Cash and cash equivalents at the end of the period		47,055,084	40,515,032

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 8 through 36 form an integral part of these interim condensed consolidated financial statements.

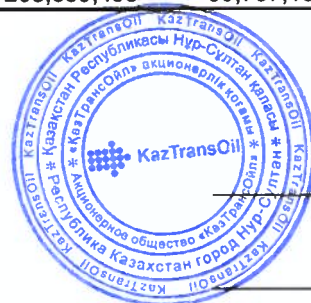
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Foreign currency translation reserve	Other capital reserves	Retained earnings	Total
As at 31 December 2021 (audited)	61,937,567	(9,549)	285,685,165	40,632,765	(4,310,257)	353,172,325	737,108,016
Net profit for the period	-	-	-	-	-	15,826,969	15,826,969
Other comprehensive income	-	-	16,308,683	5,015,918	240,312	-	21,564,913
Total comprehensive income for the period	-	-	16,308,683	5,015,918	240,312	15,826,969	37,391,882
Amortization of revaluation reserve for property, plant and equipment	-	-	(7,489,010)	-	-	7,489,010	-
Dividends (Note 11)	-	-	-	-	-	(10,000,331)	(10,000,331)
As at 30 June 2022 (unaudited)	61,937,567	(9,549)	294,504,838	45,648,683	(4,069,945)	366,487,973	764,499,567
As at 31 December 2020 (audited)	61,937,567	(9,549)	221,632,815	38,325,342	(5,999,468)	336,631,554	652,518,261
Net profit for the period	-	-	-	-	-	33,853,428	33,853,428
Other comprehensive income	-	-	56,253,299	1,431,842	-	-	57,685,141
Total comprehensive income for the period	-	-	56,253,299	1,431,842	-	33,853,428	91,538,569
Amortization of revaluation reserve for property, plant and equipment	-	-	(9,246,619)	-	-	9,246,619	-
Dividends (Note 11)	-	-	-	-	-	(50,770,909)	(50,770,909)
As at 30 June 2021 (unaudited)	61,937,567	(9,549)	268,639,495	39,757,184	(5,999,468)	328,960,692	693,285,921

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 8 through 36 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED 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 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 5,373 km and water pipelines of 2,105 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)**

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 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 was 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 consolidated financial statements 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**

These interim condensed consolidated financial statements for the six months ended 30 June 2022 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 2021.

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

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)**New and amended standards and interpretations applied by the Group**

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 2021, except for the adoption of new standards and interpretations effective as of 1 January 2022. 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 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 consolidated financial statements of the Group, as there are no onerous contracts in the Group.

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 consolidated financial statements of the Group 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 consolidated financial statements of the Group 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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 consolidated financial statements of the Group as it is not a first-time adopter.

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 impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

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

<i>Tenge</i>	For the six months ended 30 June	
	2022	2021
US Dollars	450.06	424.22
Russian Rubles	6.08	5.71
Euro	492.40	511.21
Georgian Lari	149.12	128.58

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

<i>Tenge</i>	30 June 2022	31 December 2021
US Dollars	470.34	431.80
Russian Rubles	8.98	5.76
Euro	490.47	489.10
Georgian Lari	161.35	140.74

NOTES TO THE INTERIM CONDENSED CONSOLIDATED 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
Gross carrying amount as at 31 December 2021 (audited)	26,148,404	276,731,868	25,016,533	100,840,287	233,496,005	201,418,200	11,402,731	50,045,315	925,099,343
Foreign currency translation	1,792,341	–	653,590	1,386,016	857,260	–	45,545	76,586	4,811,338
Additions	–	–	63,450	–	48,973	–	49,911	19,716,191	19,878,525
Additions of asset retirement and land reclamation obligation (Note 14)	–	43,678	–	13,612,706	–	–	–	–	13,656,384
Disposals	(14,116)	(87,277)	(78,222)	(157,627)	(891,678)	(282,330)	(372,175)	(45,744)	(1,929,169)
Revaluation (through revaluation reserve)	–	–	–	–	–	11,023,850	–	–	11,023,850
Transfers from construction in progress	–	2,086,125	382,505	1,524,781	25,281,357	–	66,156	(29,340,924)	–
Changes due to the revision of estimates on asset retirement and land reclamation obligation (Note 14)	–	–	–	(3,238,167)	–	–	–	–	(3,238,167)
Transfers from non-current assets held for sale	73,519	–	–	672,938	31,483	–	604	–	778,544
Gross carrying amount as at 30 June 2022 (unaudited)	28,000,148	278,774,394	26,037,856	114,640,934	258,823,400	212,159,720	11,192,772	40,451,424	970,080,648
Accumulated depreciation and impairment as at 31 December 2021 (audited)	–	(32,702,622)	(6,979,408)	(16,093,165)	(59,529,448)	–	(6,311,026)	(410,496)	(122,026,165)
Foreign currency translation	–	–	(200,031)	(125,078)	(223,475)	–	(8,823)	–	(557,407)
Depreciation charge	–	(8,027,780)	(1,486,355)	(4,074,672)	(11,454,233)	–	(848,904)	–	(25,891,944)
Disposals	–	86,760	73,846	67,706	845,653	226,758	351,492	44,552	1,696,767
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)
Accumulated depreciation and impairment as at 30 June 2022 (unaudited)	–	(40,656,524)	(8,591,948)	(20,456,392)	(70,366,828)	–	(6,817,865)	(365,944)	(147,255,501)

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

<i>In thousands of Tenge</i>	Land	Pipelines	Transporta- tion assets	Buildings and cons- tructions	Machinery and equipment	Technolo- gical oil	Other	Construction in progress	Total
As at 30 June 2022 (unaudited)									
Gross carrying amount	28,000,148	278,774,394	26,037,856	114,640,934	258,823,400	212,159,720	11,192,772	40,451,424	970,080,648
Accumulated depreciation and impairment	–	(40,656,524)	(8,591,948)	(20,456,392)	(70,366,828)	–	(6,817,865)	(365,944)	(147,255,501)
Net book value	28,000,148	238,117,870	17,445,908	94,184,542	188,456,572	212,159,720	4,374,907	40,085,480	822,825,147
As at 31 December 2021 (audited)									
Gross carrying amount	26,148,404	276,731,868	25,016,533	100,840,287	233,496,005	201,418,200	11,402,731	50,045,315	925,099,343
Accumulated depreciation and impairment	–	(32,702,622)	(6,979,408)	(16,093,165)	(59,529,448)	–	(6,311,026)	(410,496)	(122,026,165)
Net book value	26,148,404	244,029,246	18,037,125	84,747,122	173,966,557	201,418,200	5,091,705	49,634,819	803,073,178

NOTES TO THE INTERIM CONDENSED CONSOLIDATED 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 and main waterline (pumping stations, roads along the highways, communication lines, power supply, automation system and others);

As at 30 June 2022:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated property, plant and equipment still in use was 3,656,528 thousand Tenge (as at 31 December 2021: 3,540,654 thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 3,181,602 thousand Tenge (as at 31 December 2021: 4,187,311 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 Group's technological oil for the six months period ended 30 June 2022 was increased for the amount of 11,023,850 thousand Tenge through other comprehensive income (for the six months period 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 to 2,624 thousand tons (as at 31 December 2021: 2,628 thousand tons).

4. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 30 June 2022 and 31 December 2021 are as follows:

<i>In thousands of Tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Investments in KCP	51,099,672	46,411,191
Investments in MunaiTas	29,026,163	27,684,922
Total	80,125,835	74,096,113

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

<i>In thousands of Tenge</i>	Total
As at 31 December 2021 (audited)	74,096,113
Share in income of joint ventures	9,123,261
Share in other comprehensive income of joint ventures	1,906,461
Dividends	(5,000,000)
As at 30 June 2022 (unaudited)	80,125,835

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. INVESTMENTS IN JOINT VENTURES (continued)

The Company's share in comprehensive income of joint ventures for the three and six months periods ended 30 June 2022 and 2021 is as follows:

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2022	2021	2022	2021
Share in income of joint ventures				
KCP	5,809,283	3,426,467	7,993,512	5,631,579
MunaiTas	487,928	369,926	1,129,749	776,103
Total share in income of joint ventures	6,297,211	3,796,393	9,123,261	6,407,682
Share in other comprehensive income/(loss) of joint ventures				
KCP	975,007	(330,615)	1,694,969	360,336
MunaiTas	153,851	(62,566)	211,492	28,581
Total share in other comprehensive income/(loss) of joint ventures	1,128,858	(393,181)	1,906,461	388,917
Total share in comprehensive income of joint ventures	7,426,069	3,403,212	11,029,722	6,796,599

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.

5. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

Advances to suppliers for property, plant and equipment as at 30 June 2022 and 31 December 2021 are as follows:

<i>In thousands of Tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Advances to third parties for property, plant and equipment and construction services	4,172,200	7,274,223
Less: allowance for impairment	(899,870)	(830,498)
Total	3,272,330	6,443,725

6. TRADE AND OTHER ACCOUNTS RECEIVABLE

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

<i>In thousands of Tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Trade accounts receivable from third parties	7,902,499	8,841,213
Trade accounts receivable from related parties (Note 23)	7,530,761	3,034,307
Other accounts receivable from third parties	721,676	710,537
Other accounts receivable from related parties (Note 23)	509	509
Less: allowance for expected credit losses	(5,977,365)	(5,443,382)
Total	10,178,080	7,143,184

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. TRADE AND OTHER ACCOUNTS RECEIVABLE (continued)

Short-term trade and other accounts receivable of the Group as at 30 June 2022 and 31 December 2021 are denominated in the following currencies:

<i>In thousands of Tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Tenge	9,060,653	5,121,063
US Dollars	1,035,688	2,013,051
Russian Rubles	7,425	2,161
Other currency	74,314	6,909
Total	10,178,080	7,143,184

7. VAT RECOVERABLE AND OTHER PREPAID TAXES

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

<i>In thousands of Tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Current VAT recoverable	7,379,692	7,647,401
Other taxes prepaid	424,718	502,509
Total	7,804,410	8,149,910

8. OTHER CURRENT ASSETS

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

<i>In thousands of Tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Due for oil transportation coordination services	7,134,380	5,378,118
Dividends receivable (Notes 4, 23)	5,000,000	–
Prepaid insurance	936,946	171,623
Deferred expenses from third parties	222,858	309,530
Due from employees	75,350	19,266
Other	19,904	17,717
Total	13,389,438	5,896,254

9. BANK DEPOSITS

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

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

The decrease in bank deposits is due to the expiration of the contracts and their allocation to the payment of dividends (Note 11).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. BANK DEPOSITS (continued)

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>	30 June 2022 (unaudited)	31 December 2021 (audited)
Long-term bank deposits with maturity over 1 year	1,084,611	1,424,328
Short-term bank deposits with maturity under 1 year	–	8,665,145
Total	1,084,611	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.

10. 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>	30 June 2022 (unaudited)	31 December 2021 (audited)
Time deposits with banks – Tenge	26,846,325	20,630,285
Time deposits with banks – other currency	2,352	–
Current accounts with banks – US Dollars	17,616,954	17,073,471
Current accounts with banks – Georgian Lari	1,104,359	339,827
Current accounts with banks – Russian Rubles	940,091	29,900
Current accounts with banks – Tenge	569,394	2,425,219
Current accounts with banks – other currency	941	–
Other current accounts with banks	10,700	24,923
Cash on hand	328	229
Less: allowance for expected credit losses	(36,360)	(24,882)
Total	47,055,084	40,498,972

As at 30 June 2022:

- Current accounts and time deposits with maturity less than three months in Tenge 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 ranged from 0.25% to 3% per annum (as at 31 December 2021: from 0.25% to 3% per annum).

11. EQUITY

Asset revaluation reserve

As at 30 June 2022 asset revaluation reserve of the Group was equal to 294,504,838 thousand Tenge (as at 31 December 2021: 285,685,165 thousand Tenge). The change in revaluation reserve is mainly due to revaluation 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 six months period ended 30 June 2022 the Company accrued dividends payable based on 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 was paid to KMG (*Note 23*) and 999,858 thousand Tenge to minority shareholders.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. EQUITY (continued)

Dividends (continued)

During the six months period ended 30 June 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.

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 June (unaudited)		For the six months ended 30 June (unaudited)	
	2022	2021	2022	2021
Net profit attributable to ordinary equity holders of the Parent of the Group	5,615,529	17,159,461	15,826,969	33,853,428
Weighted average number of ordinary shares for basic earnings per share	384,628,099	384,628,099	384,628,099	384,628,099
Basic earnings per share, in relation to profit for the period attributable to ordinary equity holders of the Company, as a Parent company of the Group (in Tenge)	15	45	41	88

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 June 2022 (unaudited)	31 December 2021 (audited)
Total assets	1,019,810,054	983,162,521
Less: intangible assets	(8,249,943)	(7,352,234)
Less: total liabilities	(255,310,487)	(246,054,505)
Net assets for calculation of book value per ordinary share	756,249,624	729,755,782
Number of ordinary shares	384,628,099	384,628,099
Book value per ordinary share (in Tenge)	1,966	1,897

12. CONTRACT LIABILITIES TO CUSTOMERS

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

<i>In thousands of Tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Deferred income from related parties (<i>Note 23</i>)	20,475,606	21,516,739
Deferred income from third parties	9,295,738	8,662,766
Total	29,771,344	30,179,505

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. CONTRACT LIABILITY TO CUSTOMERS (continued)

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

<i>In thousands of Tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Advances received from related parties (Note 23)	13,150,405	11,118,754
Advances received from third parties	8,681,985	7,977,802
Current part of deferred income from related parties (Note 23)	2,082,265	2,082,265
Current part of deferred income from third parties	303,840	671,204
Total	24,218,495	21,850,025

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 24,987,181 thousand Tenge. 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. 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 1,041,133 thousand Tenge (for the six months ended 30 June 2021: 347,044 thousand Tenge).

Revenue recognized in respect of contracts with customers

During the current reporting period, the revenue in the amount of 18,746,117 thousand Tenge was recognized in respect of contract liabilities to customers as at the beginning of the reporting period (for the six months ended 30 June 2021: 20,219,677 thousand Tenge).

13. 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>	30 June 2022 (unaudited)	31 December 2021 (audited)
Trade accounts payable to third parties for goods and services	11,160,539	17,784,506
Trade accounts payable to related parties for goods and services (Note 23)	1,034,090	1,059,611
Other accounts payable to third parties	1,075,051	1,176,005
Total	13,269,680	20,020,122

As at 30 June 2022 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 3,360,291 thousand Tenge (as at 31 December 2021: 9,542,331 thousand Tenge). The decrease in accounts payable relates to their repayment during the reporting period.

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>	30 June 2022 (unaudited)	31 December 2021 (audited)
Tenge	10,634,205	18,176,135
US Dollars	2,114,109	1,423,305
Russian Roubles	10,106	7,880
Euro	2,352	1,295
Other currency	508,908	411,507
Total	13,269,680	20,020,122

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**14. PROVISIONS****Short-term provisions**

As at 30 June 2022, short-term provisions amounted to 1,515,922 thousand Tenge, including tax provisions (BOT) in the amount of 1,515,906 thousand Tenge (as at 31 December 2021: 1,441,364 thousand Tenge and 1,409,395 thousand Tenge, respectively).

Long-term provisions*Asset retirement and land recultivation obligation*

The movement of provision for asset retirement and land recultivation obligation for the three and six months ended 30 June 2022 and 2021 is as follows:

<i>In thousands of Tenge</i>	For the three months ended 30 June					
	Provision for oil pipelines and landfills	Provision for OPS	Total	Provision for oil pipelines and landfills	Provision for OPS	Total
	2022	2022	2022	2021	2021	2021
At the beginning of the period (audited)	32,070,097	–	32,070,097	30,476,564	–	30,476,564
Charge for the period through asset (<i>Note 3</i>)	43,678	13,612,706	13,656,384	76,957	–	76,957
Charge for the period through profit and loss (<i>Note 19</i>)	–	1,135,708	1,135,708	–	–	–
Revision of estimates through other comprehensive (income)/loss	(4,463,997)	–	(4,463,997)	1,559,927	–	1,559,927
Revision of estimates through profit and loss (<i>Note 19</i>)	(631,330)	(270,160)	(901,490)	253,910	–	253,910
Revision of estimates through asset (<i>Note 3</i>)	–	(3,238,167)	(3,238,167)	–	–	–
Reversed through profit and loss (<i>Note 19</i>)	(61,037)	–	(61,037)	(644,216)	–	(644,216)
Unwinding of discount (<i>Note 20</i>)	513,524	487,265	1,000,789	560,593	–	560,593
At the end of the period (unaudited)	27,470,935	11,727,352	39,198,287	32,283,735	–	32,283,735

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**14. PROVISIONS (continued)****Long-term provisions***Asset retirement and land recultivation obligation*

	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
	2022	2022	2022	2021	2021	2021
<i>In thousands of Tenge</i>						
At the beginning of the period (audited)	34,547,151	–	34,547,151	33,688,837	–	33,688,837
Charge for the period through asset (<i>Note 3</i>)	43,678	13,612,706	13,656,384	76,957	–	76,957
Charge for the period through profit and loss (<i>Note 19</i>)	–	1,135,708	1,135,708	–	–	–
Revision of estimates through other comprehensive (income)/loss	(7,195,171)	–	(7,195,171)	(1,521,015)	–	(1,521,015)
Revision of estimates through profit and loss (<i>Note 19</i>)	(943,388)	(270,160)	(1,213,548)	(400,763)	–	(400,763)
Revision of estimates through asset (<i>Note 3</i>)	–	(3,238,167)	(3,238,167)	–	–	–
Reversal through profit and loss (<i>Note 19</i>)	(61,037)	–	(61,037)	(672,415)	–	(672,415)
Unwinding of discount (<i>Note 20</i>)	1,079,702	487,265	1,566,967	1,112,134	–	1,112,134
At the end of the period (unaudited)	27,470,935	11,727,352	39,198,287	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 Group 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. OTHER CURRENT LIABILITIES

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

<i>In thousands of Tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Liabilities for oil transportation coordination services to related parties (<i>Note 23</i>)	13,693,217	8,873,343
Liabilities for oil transportation coordination services to third parties	7,676,119	4,163,649
Salaries and other compensations	7,684,780	11,625,437
Accounts payable to pension fund	897,480	912,044
Other accruals	467,019	284,621
Total	30,418,615	25,859,094

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.

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

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

<i>In thousands of Tenge</i>	For three months ended 30 June 2022 (unaudited)					For six months ended 30 June 2022 (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
Crude oil transportation	42,274,205	-	-	-	42,274,205	84,766,779	-	-	-	84,766,779
Oil, oil products and gas transshipment and railway shipment	-	7,747,358	-	-	7,747,358	-	11,050,773	-	-	11,050,773
Pipeline operation and maintenance services	4,595,384	-	-	-	4,595,384	9,461,447	-	-	-	9,461,447
Water transportation	-	-	2,625,682	-	2,625,682	-	-	4,963,217	-	4,963,217
Seaport services	-	-	-	1,998,824	1,998,824	-	-	-	3,868,716	3,868,716
Fees for undelivered oil volumes	440,272	-	-	-	440,272	956,745	-	-	-	956,745
Oil transportation coordination services	104,337	-	-	-	104,337	217,134	-	-	-	217,134
Others	21,473	-	194	587,606	609,273	40,724	-	566	1,130,551	1,171,841
Total for segments	47,435,671	7,747,358	2,625,876	2,586,430	60,395,335	95,442,829	11,050,773	4,963,783	4,999,267	116,456,652
Geographic regions of customers										
Kazakhstan	40,702,194	5,960,354	2,625,876	-	49,288,424	82,382,172	7,935,908	4,963,783	-	95,281,863
Russia	6,733,477	-	-	-	6,733,477	13,060,657	-	-	-	13,060,657
Georgia	-	901,771	-	2,538,707	3,440,478	-	1,835,345	-	4,924,557	6,759,902
Others	-	885,233	-	47,723	932,956	-	1,279,520	-	74,710	1,354,230
Total revenue under contracts with customers	47,435,671	7,747,358	2,625,876	2,586,430	60,395,335	95,442,829	11,050,773	4,963,783	4,999,267	116,456,652
Timing of revenue recognition										
At a point in time	42,840,287	7,747,358	2,625,876	2,586,430	55,799,951	85,981,382	11,050,773	4,963,783	4,999,267	106,995,205
Over time	4,595,384	-	-	-	4,595,384	9,461,447	-	-	-	9,461,447
Total revenue under contracts with customers	47,435,671	7,747,358	2,625,876	2,586,430	60,395,335	95,442,829	11,050,773	4,963,783	4,999,267	116,456,652

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

<i>In thousands of Tenge</i>	For three months ended 30 June 2021 (unaudited)					For six months ended 30 June 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
Crude oil transportation	47,538,218	–	–	–	47,538,218	95,277,063	–	–	–	95,277,063
Oil, oil products and gas transshipment and railway shipment	–	1,434,719	–	–	1,434,719	–	3,350,066	–	–	3,350,066
Pipeline operation and maintenance services	4,355,268	–	–	–	4,355,268	8,686,014	–	–	–	8,686,014
Water transportation	–	–	2,186,564	–	2,186,564	–	–	3,848,617	–	3,848,617
Seaport services	–	–	–	1,685,473	1,685,473	–	–	–	3,188,438	3,188,438
Fees for undelivered oil volumes	851,976	–	–	–	851,976	1,495,336	–	–	–	1,495,336
Oil transportation coordination services	146,136	–	–	–	146,136	299,875	–	–	–	299,875
Others	23,659	–	278	265,535	289,472	61,600	–	735	596,028	658,363
Total for segments	52,915,257	1,434,719	2,186,842	1,951,008	58,487,826	105,819,888	3,350,066	3,849,352	3,784,466	116,803,772
Geographic regions of customers										
Kazakhstan	46,342,945	499,489	2,186,842	–	49,029,276	93,038,107	1,391,442	3,849,352	–	98,278,901
Russia	6,572,312	–	–	–	6,572,312	12,781,781	–	–	–	12,781,781
Georgia	–	881,585	–	1,951,008	2,832,593	–	1,886,082	–	3,784,466	5,670,548
Others	–	53,645	–	–	53,645	–	72,542	–	–	72,542
Total revenue under contracts with customers	52,915,257	1,434,719	2,186,842	1,951,008	58,487,826	105,819,888	3,350,066	3,849,352	3,784,466	116,803,772
Timing of revenue recognition										
At a point in time	48,559,989	1,434,719	2,186,842	1,951,008	54,132,558	97,133,874	3,350,066	3,849,352	3,784,466	108,117,758
Over time	4,355,268	–	–	–	4,355,268	8,686,014	–	–	–	8,686,014
Total revenue under contracts with customers	52,915,257	1,434,719	2,186,842	1,951,008	58,487,826	105,819,888	3,350,066	3,849,352	3,784,466	116,803,772

For the six months ended 30 June 2022 the revenue from the 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: 24,486,474 thousand Tenge, 15,344,926 thousand Tenge, 8,832,127 thousand Tenge and 6,184,366 thousand Tenge, respectively).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. COST OF SALES

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2022	2021	2022	2021
Personnel costs	23,411,439	11,731,131	41,068,117	24,946,729
Depreciation and amortization	13,293,908	13,136,235	26,344,025	25,847,236
Railway services	5,292,654	191,658	6,976,380	848,864
Taxes other than income tax	2,582,552	2,271,991	5,182,081	4,366,566
Electric energy	2,402,352	2,124,646	4,739,009	4,073,073
Repair and maintenance	1,937,092	1,892,856	3,495,731	3,283,249
Security services	1,691,983	1,478,792	3,382,192	2,951,286
Materials and fuel	1,812,135	2,108,704	3,247,386	3,392,768
Gas expenses	744,683	653,776	1,987,647	1,763,742
Food and accommodation	508,539	511,448	1,048,777	1,045,820
Environmental protection	448,773	868,849	512,256	920,635
Insurance	250,380	221,484	491,509	354,345
Post-employment benefits	227,175	244,001	456,937	486,639
Business trip expenses	281,849	232,415	431,602	350,953
Air services	205,447	71,154	325,637	71,154
Outstaffing services	93,063	99,683	210,628	235,147
Communication services	68,084	97,645	169,667	193,117
Transportation services	34,072	36,470	67,672	72,938
Other	1,013,592	694,721	1,507,151	1,157,371
Total	56,299,772	38,667,659	101,644,404	76,361,632

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.

The increase in railway services costs is mainly associated with an increase in volumes and tariffs for the transportation of products (PTL).

18. GENERAL AND ADMINISTRATIVE EXPENSES

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2022	2021	2022	2021
Personnel costs	1,910,136	1,757,327	4,070,915	3,588,357
Depreciation and amortization	358,065	370,205	717,240	751,946
Office maintenance	10,258	142,225	233,903	286,437
Repair and maintenance	142,259	72,717	159,228	136,016
Taxes other than income tax	66,039	80,186	143,217	161,556
Charge/(reversal) of allowance for expected credit losses on trade receivables, net	52,253	(30,349)	132,262	149,754
Auditing and consulting services	82,977	115,804	130,712	137,440
Outstaffing services	55,893	61,203	119,480	112,631
Business trip expenses	67,740	47,664	113,234	69,618
Information services	33,772	34,000	68,547	67,262
Charge/(reversal) of tax provision (Note 14)	55,357	(76,635)	55,357	770,384
Communication services	22,733	30,282	55,321	56,511
Write-off of VAT recoverable	22,153	7,849	50,674	36,250
Bank costs	21,341	15,849	40,618	33,774
Insurance and security	17,261	14,523	28,898	23,277
Post-employment benefits	12,329	12,725	26,032	25,451
Materials and fuel	14,196	14,118	31,978	22,787
Other	199,314	109,100	331,144	247,847
Total	3,144,076	2,778,793	6,508,760	6,677,298

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. OTHER OPERATING INCOME AND EXPENSES

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

Other operating income

	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	2022	2021	2022	2021
Income from fines and penalties	176,709	58,242	384,420	135,660
Amortization of deferred income	71,867	69,574	146,110	140,153
Income from reversal, revision of estimates and charge of asset retirement and land reclamation obligation, net (Note 14)	–	390,306	138,877	1,073,178
Charge of income from inventory recognition	25,789	57,700	26,634	58,196
Reversal of income from inventory surplus	–	(660,986)	–	–
Other income	39,084	82,097	64,538	130,388
Total	313,449	(3,067)	760,579	1,537,575

Other operating expenses

	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	2022	2021	2022	2021
Loss on disposal of property, plant and equipment and intangible assets, net	70,801	51,251	137,047	59,802
Actuarial losses	45,500	–	45,500	–
Loss from reversal, revision of estimates and charge of asset retirement and land reclamation obligation, net (Note 14)	173,181	–	–	–
Reversal of short-term provisions	–	(647,660)	–	(260,895)
Other expenses	75,678	224,108	104,326	236,006
Total	365,160	(372,301)	286,873	34,913

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. FINANCE INCOME AND EXPENSES

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

Finance income

	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	2022	2021	2022	2021
Interest income on bank deposits and current accounts	586,170	867,369	994,667	1,636,037
Unwinding of discount on long-term receivables	46,363	49,589	92,729	98,951
Income from revision of bond's fair value	13,720	30,862	42,692	269,764
Reversal of allowance for expected credit losses on cash and cash equivalents and bank deposits, net	2,812	85,666	5,855	85,666
Other finance income	3,977	5,398	8,551	9,757
Total	653,042	1,038,884	1,144,494	2,100,175

Finance expenses

	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	2022	2021	2022	2021
Unwinding of discount on asset retirement and land recultivation obligation reserve (<i>Note 14</i>)	1,000,789	560,593	1,566,967	1,112,134
Net interest cost on employee benefit obligations	370,563	291,709	736,885	583,421
Unwinding of discount on lease liabilities	41,284	61,758	76,908	145,722
Reversal of allowance for expected credit losses on cash and cash equivalents and bank deposits, net	–	(41,382)	–	–
Other finance expenses	4,597	2,030	8,739	146,448
Total	1,417,233	874,708	2,389,499	1,987,725

21. INCOME TAX EXPENSE

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

	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	2022	2021	2022	2021
Current income tax expense	1,504,312	6,181,970	3,828,203	10,220,658
Adjustments of the past periods	–	–	139,049	212,405
Deferred income tax benefit	(1,103,262)	(2,275,094)	(1,191,212)	(2,324,385)
Income tax expense	401,050	3,906,876	2,776,040	8,108,678

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. INCOME TAX EXPENSE (continued)

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

<i>In thousands of Tenge</i>	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
At the beginning of the period (audited)	74,918,568	64,688,612	78,764,696	62,221,923
Charged to other comprehensive loss	7,365,492	11,450,127	3,607,348	13,966,095
Charged to profit and loss	(1,103,262)	(2,275,094)	(1,191,212)	(2,324,385)
Currency translation	(4)	10	(38)	22
At the end of the period (unaudited)	81,180,794	73,863,655	81,180,794	73,863,655

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 June 2022 and 2021:

	For the three months ended 30 June 2022 (unaudited)						For the three months ended 30 June 2021 (unaudited)					
	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
Revenue												
External customers	47,435,671	8,458,903	2,625,876	1,874,885	–	60,395,335	52,915,257	1,434,719	2,186,842	1,951,008	–	58,487,826
Intersegmental	238,199	–	18,304	–	(256,503)	–	204,524	–	19,457	–	(223,981)	–
Total revenue	47,673,870	8,458,903	2,644,180	1,874,885	(256,503)	60,395,335	53,119,781	1,434,719	2,206,299	1,951,008	(223,981)	58,487,826
Financial results												
Depreciation and amortization	(11,874,916)	(211,276)	(1,271,417)	(294,364)	–	(13,651,973)	(11,591,640)	(215,407)	(1,438,912)	(260,481)	–	(13,506,440)
Interest income	511,321	30,354	26,948	17,547	–	586,170	666,512	4,727	168,711	27,419	–	867,369
Share in income of joint ventures	6,297,211	–	–	–	–	6,297,211	3,796,393	–	–	–	–	3,796,393
Income tax (expense)/benefits	(698,942)	–	295,870	183	1,839	(401,050)	(4,127,796)	(35,210)	220,353	19,317	16,460	(3,906,876)
Segment profit/(loss) for the period	4,273,100	1,208,743	(1,091,928)	140,075	1,085,539	5,615,529	16,308,149	92,809	(1,115,804)	233,507	1,640,800	17,159,461

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 six months ended 30 June 2022 and 2021:

	For the six months ended 30 June 2022 (unaudited)						For the six months ended 30 June 2021 (unaudited)					
	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
Revenue												
External customers	95,442,829	11,762,318	4,963,783	4,287,722	–	116,456,652	105,819,888	3,350,066	3,849,352	3,784,466	–	116,803,772
Intersegmental	397,497	–	39,031	–	(436,528)	–	419,323	–	41,530	–	(460,853)	–
Total revenue	95,840,326	11,762,318	5,002,814	4,287,722	(436,528)	116,456,652	106,239,211	3,350,066	3,890,882	3,784,466	(460,853)	116,803,772
Financial results												
Depreciation and amortization	(23,524,669)	(423,057)	(2,540,612)	(572,927)	–	(27,061,265)	(23,158,229)	(414,039)	(2,515,729)	(511,185)		(26,599,182)
Interest income	847,787	45,906	55,068	45,906	–	994,667	1,209,166	10,606	362,390	53,875		1,636,037
Share in income of joint ventures	9,123,261	–	–	–		9,123,261	6,407,682	–	–	–		6,407,682
Income tax (expense)/benefits	(3,258,427)		488,523	(11,252)	5,116	(2,776,040)	(8,471,368)	(35,210)	371,870	–	26,030	(8,108,678)
Segment profit/(loss) for the period	13,586,352	1,076,094	(1,808,984)	1,183,656	1,789,851	15,826,969	33,339,228	(499,728)	(1,703,990)	1,105,093	1,612,825	33,853,428

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

The following tables present information on assets and liabilities of the Group's segments as at 30 June 2022 and 31 December 2021:

	As at 30 June 2022 (unaudited)					As at 31 December 2021 (audited)						
	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
Other disclosures												
Total assets	937,451,168	49,426,149	94,213,877	20,779,150	(82,060,290)	1,019,810,054	910,330,857	30,810,657	94,232,078	29,827,018	(82,038,089)	983,162,521
Total liabilities	207,583,611	9,874,788	25,073,409	13,250,418	(471,739)	255,310,487	200,598,316	7,611,338	26,322,626	13,222,148	(1,699,923)	246,054,505
Investments in joint ventures (Note 4)	80,125,835	–	–	–	–	80,125,835	74,096,113	–	–	–	–	74,096,113
Capital expenditures, including:	17,021,914	314,142	2,069,886	866,366	(16,394)	20,255,914	38,214,943	1,125,651	20,557,347	944,574	(131,737)	60,710,778
Property, plant and equipment	16,784,044	295,239	2,069,886	745,750	(16,394)	19,878,525	38,206,236	1,125,651	20,557,347	930,940	(131,737)	60,688,437

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 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 receivables from related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
Trade and other accounts receivable from related parties			
Trade accounts receivable from joint ventures of the Company		6,172,767	1,169,519
Trade accounts receivable from entities under common control of KMG		853,623	911,188
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		504,371	953,600
Total trade accounts receivable from related parties	6	7,530,761	3,034,307
Other accounts receivable from entities under common control of KMG and Samruk-Kazyna Group	6	509	509
Total other accounts receivable from related parties		509	509
Less: allowance for expected credit losses		(12,077)	(7,311)
Total trade and other accounts receivable from related parties		7,519,193	3,027,505

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.

Dividends receivable 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 ventures of the Company		5,000,000	–
Total advances paid to related parties	8	5,000,000	–

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Advances paid to related parties		
Advances paid to entities under common control of KMG	511,260	–
Advances paid to entities under common control of Samruk-Kazyna Group	1,017	1,069
Total advances paid to related parties	512,277	1,069

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS (continued)

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)
Contract liabilities to customers to related parties			
Non-current part of deferred income under contracts with entities under common control of KMG		20,475,606	21,516,739
Total non-current contract liabilities to customers to related parties	12	20,475,606	21,516,739
Advances received from entities under common control of KMG		12,990,466	10,949,194
Advances received from entities under common control of Samruk-Kazyna Group		159,939	169,560
Current part of deferred income under contracts with entities under common control of KMG		2,082,265	2,082,265
Total current contract liabilities to customers to related parties	12	15,232,670	13,201,019
Total contract liabilities to customers to related parties		35,708,276	34,717,758

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)
Trade accounts payable to related parties for goods and services			
Trade accounts payable to entities under common control of KMG		557,079	563,504
Trade accounts payable to entities under common control of Samruk-Kazyna Group		352,736	484,562
Trade accounts payable to joint ventures of the Company		124,275	11,545
Total trade accounts payable to related parties for goods and services	13	1,034,090	1,059,611

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
Liabilities for oil transportation coordination services to related parties			
Liabilities for oil transportation coordination services to entities under common control of KMG		13,693,217	8,873,343
Total liabilities for oil transportation coordination services to related parties	15	13,693,217	8,873,343
Employee benefits obligation of key management personnel			
Employee benefits obligation of key management personnel		70,239	26,649
Total employee benefits obligation of key management personnel		70,239	26,649
Total other current liabilities to related parties		13,763,456	8,899,992

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS (continued)

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2022	2021	2022	2021
Sales to related parties				
Revenue from main activities with entities under common control of KMG	32,113,137	29,853,876	60,703,941	59,941,064
Revenue from main activities with joint ventures of the Company	2,756,685	2,565,002	5,514,978	5,133,359
Revenue from main activities with entities under common control of Samruk-Kazyna Group	1,775,058	1,924,748	3,800,420	3,853,343
Other income from entities under common control of Samruk-Kazyna Group	52,231	21,952	106,214	22,111
Other income from entities under common control of KMG	41,419	1,435	57,887	1,435
Total	36,738,530	34,367,013	70,183,440	68,951,312

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

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2022	2021	2022	2021
Purchases from related parties				
Purchases of services from entities under common control of KMG	4,348,245	1,456,084	5,680,558	3,056,291
Purchases of services from entities under common control of Samruk-Kazyna Group	714,284	438,962	1,495,315	909,499
Purchases of services from joint ventures of the Company	82,726	41,839	103,924	41,839
Purchases of inventory entities under common control of KMG and Samruk-Kazyna Group	154	87	199	228
Other additions of property, plant and equipment (non-monetary reimbursement of services) from entities under common control of KMG	–	24,987,181	–	24,987,181
Total	5,145,409	26,924,153	7,279,996	28,995,038

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS (continued)

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

		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	Notes	2022	2021
Cash flows to related parties			
Dividends paid to the KMG	11	9,000,473	45,694,709
Total		9,000,473	45,694,709

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.

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 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 Group had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 39,722,993 thousand Tenge (31 December 2021: 51,532,032 thousand Tenge). These contractual obligations are part of the investment program.

Share of the Group as at 30 June 2022 in contractual obligations of joint ventures to acquire property, plant and equipment, and construction services amounted to 581,272 thousand Tenge (31 December 2021: 642,814 thousand Tenge).

Investment program commitments of the Company

In November 2020, by a joint order of the Ministry of Energy of the Republic of Kazakhstan and the CRNM, an investment program for 2021-2025 was approved, according to which the Company has the obligation to fulfill 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.

Tax liabilities of enterprises in Georgia

BOT

In December 2021 BOT received from Revenue Service a tax audit report for the period from 1 July 2018 to 15 February 2021, according to which taxes and fines were additionally accrued in the amount of 2,605 thousand Georgian Lari (equivalent to 420,317 thousand Tenge). On 20 January 2022 BOT appealed against the tax audit report to the Revenue Service. Due to the imposed taxes and fines, by the notification of the Revenue Service dated 3 January 2022, the tax lien/mortgage right arose on all types of BOT property in the total amount of 59 million US Dollars (equivalent to 27,750 million Tenge). On 4 July 2022, BOT received the rejection of appeal. On 25 July 2022, BOT sent a complaint to the Dispute Resolution Board under the Ministry of Finance of Georgia.

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

24. CONTINGENT LIABILITIES AND COMMITMENTS (continued)**Legal proceedings***Claim of business counterparty to BOT*

On 21 January 2021, the 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 5,879 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 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 1,646 million Tenge) as a security for this claim. On 12 February 2021, BOT filed a complaint to the court against the specified above ruling and also filed a response to the business counterparty's claim.

By the decision of the court of appeal dated 16 April 2021, the BOT's complaint, related to the appeal against the court ruling dated 27 January 2021, was rejected. According to the decision dated 16 July 2021, the court fully satisfied the claims of the business counterparty. The decision of the court has not entered into force. On 20 August 2021, BOT filed an appeal against the court decision dated 16 July 2021. On 8 June 2022, the court of appeal announced the resolute part of the decision to uphold the decision dated 16 July 2021. On 27 July 2022, BOT filed a complaint against the decision of the court of appeal to the Supreme Court of Georgia.

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.

The actual transshipment through BSP for six months of 2022 amounted to 3.7 million tons (for six months of 2021: 3 million tons).

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables. These financial instruments mainly arise in the course of business of the Group. The Group has trade receivables and cash and cash equivalents that arise directly from its operations.

Fair value of financial instruments

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

26. 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 dated 13 July 2022, MunaiTas paid dividends to the Company in the amount of 2,636,855 thousand Tenge based on the 2021 results.