

KazTransOil JSC

Interim condensed separate financial statements

For the six months ended 30 June 2023



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Report on review of interim condensed separate financial information

Interim condensed separate financial statements

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Report on Review of Interim condensed separate financial statement

To the Shareholders of KazTransOil JSC

Introduction

We have reviewed the accompanying interim condensed separate financial statements of KazTransOil JSC, which comprise the interim condensed separate statement of financial position as at 30 June 2023 and the related interim condensed 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 condensed 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 2023, and expressed an unqualified conclusion thereon in our report on review of interim condensed consolidated financial statements dated 14 August 2023.

Ernst & Young LLP

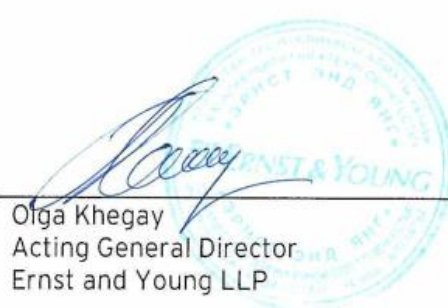


Adil Syzdykov
Auditor

Auditor Qualification Certificate
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14 August 2023



Oiga 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 CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

<i>In thousands of Tenge</i>	Notes	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
Assets			
Non-current assets			
Property, plant and equipment	3	812,172,106	819,577,150
Right-of-use assets	5	7,686,030	905,618
Intangible assets		994,522	1,147,720
Investments in subsidiaries	4	83,501,115	82,171,788
Investments in joint ventures		12,504,945	12,504,945
Advances to suppliers for property, plant and equipment		1,415,695	73,601
Bank deposits		822,597	945,452
Other long-term accounts receivable		946,659	883,284
		920,043,669	918,209,558
Current assets			
Inventories		7,347,640	7,216,578
Trade and other accounts receivable	6	5,200,104	5,278,831
Advances to suppliers		292,794	162,887
Prepayment for income tax		25,532	1,661,338
VAT recoverable and other prepaid taxes		67,960	64,688
Other current assets	7	10,211,964	6,558,435
Cash and cash equivalents	8	52,195,355	72,637,270
		75,341,349	93,580,027
Non-current assets held for sale		22,729	22,729
		75,364,078	93,602,756
Total assets		995,407,747	1,011,812,314

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

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

<i>In thousands of Tenge</i>	Notes	As at 30 June 2023 (unaudited)	As at 31 December 2022 (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	9	336,036,554	354,930,137
Other capital reserves		(185,584)	(185,584)
Retained earnings		366,414,902	357,093,401
Total equity		764,193,890	773,765,972
Non-current liabilities			
Employee benefit obligations		18,711,082	18,082,503
Deferred tax liabilities	20	103,870,389	107,055,139
Provision for asset retirement and land recultivation obligation	13	41,934,534	40,664,979
Lease liabilities	10	5,936,200	190,245
Contract liabilities to customers		29,425	29,452
		170,481,630	166,022,318
Current liabilities			
Current part of employee benefit obligations		955,266	1,042,632
Trade and other accounts payable	11	6,814,611	17,823,372
Lease liabilities	10	2,224,207	938,352
Contract liabilities to customers	12	25,149,942	22,523,294
Other taxes payable		2,385,559	2,429,937
Other current liabilities	14	23,202,642	27,266,437
		60,732,227	72,024,024
Total liabilities		231,213,857	238,046,342
Total equity and liabilities		995,407,747	1,011,812,314
Book value per ordinary share (in Tenge)	9	1,984	2,009

Signed and approved for issue on 14 August 2023.

Acting General Director (Chairman of the Management Board)



Abdirov T.K.

Acting Chief Accountant

Sarmagambetova M.K.

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

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2023	2022
Revenue	15	111,956,810	95,840,326
Cost of sales	16	(98,265,483)	(82,979,954)
Gross profit		13,691,327	12,860,372
General and administrative expenses	17	(4,807,911)	(4,566,608)
Other operating income	18	1,401,379	552,735
Impairment of investment in subsidiary	4	(570,673)	(1,810,505)
Other operating expenses		(102,458)	(148,582)
Operating profit		9,611,664	6,887,412
Net foreign exchange gain		321,806	2,233,348
Dividend income	21	1,460,351	5,000,000
Finance income	19	4,417,194	989,056
Finance costs	19	(3,326,838)	(2,388,298)
Profit before income tax		12,484,177	12,721,518
Income tax expense	20	(3,799,438)	(3,258,427)
Net profit for the period		8,684,739	9,463,091
Other comprehensive (loss)/income			
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods			
(Impairment)/revaluation of property, plant and equipment, net		(3,890,101)	10,807,607
Income tax effect	20	778,021	(2,161,521)
		(3,112,080)	8,646,086
(Charge)/reversal of provision for asset retirement and land reclamation obligation	13	(180,306)	7,195,171
Income tax effect	20	36,061	(1,439,035)
		(144,245)	5,756,136
Actuarial income from Company employee benefit obligations		-	247,104
Income tax effect	20	-	(6,792)
		-	240,312
Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods, net		(3,256,325)	14,642,534
Total other comprehensive (loss)/income for the period, net of tax		(3,256,325)	14,642,534
Total comprehensive income for the period, net of tax		5,428,414	24,105,625
Basic and diluted earnings per share (in Tenge)	9	23	25

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INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2023	2022
Cash flows from operating activities			
Profit before income tax		12,484,177	12,721,518
Adjustment to reconcile profit before tax to net cash flows			
Depreciation and amortization	16, 17	30,924,966	23,524,669
Finance income	19	(4,417,194)	(989,056)
Finance costs	19	3,326,838	2,388,298
Dividend income	21	(1,460,351)	(5,000,000)
Revision of estimates, reversal and charge on asset retirement and land recultivation obligation, net	18	(1,018,048)	(138,877)
Impairment of investment in subsidiary	4	570,673	1,810,505
Employee benefit obligations, current services costs	16, 17	358,132	482,969
Foreign exchange gain, net		(321,806)	(2,233,348)
VAT expenses	17	130,210	50,674
Loss from disposal of property, plant and equipment and intangible assets, net		34,910	41,961
Actuarial loss		–	45,500
Others		(38,759)	37,912
Operating cash flows before working capital changes		40,573,748	32,742,725
(Increase)/decrease in operating assets			
Inventories		4,089	300,500
Trade and other accounts receivable		78,363	(3,854,773)
Advances to suppliers		(273,703)	(208,212)
VAT recoverable and other prepaid taxes		(130,210)	(50,865)
Other current assets		1,127,532	(2,422,916)
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		(4,400,283)	(2,077,311)
Contract liabilities to customers		2,626,621	2,487,010
Other taxes payable		(47,650)	2,447,509
Other current and non-current liabilities and employee benefit obligations		(4,636,087)	4,539,620
Cash generated from operating activities		34,922,420	33,903,287
Income taxes paid		(3,871,004)	(6,605,326)
Interest received		3,758,681	730,201
Net cash flows from operating activities		34,810,097	28,028,162

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

INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS (continued)

		For the six months ended 30 June (unaudited)	
<i>In thousands of Tenge</i>	Notes	2023	2022
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(33,641,027)	(19,395,773)
Purchase of other financial assets	7	(5,000,000)	-
Contributions to charter capital of a subsidiary	21	(1,900,000)	(3,040,000)
Dividends received from joint venture	21	1,460,351	-
Withdrawal of bank deposits		120,163	9,055,534
Proceeds from bonds redemption		80,767	6,749
Net cash flows used in investing activities		(38,879,746)	(13,373,490)
Cash flows from financing activities			
Dividends paid	9	(15,000,496)	(10,000,331)
Payment of lease liabilities	10	(1,221,027)	(1,304,929)
Net cash flows used in financing activities		(16,221,523)	(11,305,260)
Net change in cash and cash equivalents		(20,291,172)	3,349,412
Net foreign exchange difference		(156,506)	1,167,976
Change in allowance for expected credit losses		5,763	(11,485)
Cash and cash equivalents at the beginning of the period		72,637,270	33,605,655
Cash and cash equivalents at the end of the period		52,195,355	38,111,558

Signed and approved for issue on 14 August 2023.

Acting General Director (Chairman of the Management Board)



Abdirov T.K.

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INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Other capital reserves	Retained earnings	Total
As at 31 December 2021 (audited)	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
Total comprehensive income for the period	-	-	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 9)	-	-	-	-	(10,000,331)	(10,000,331)
As at 30 June 2022 (unaudited)	61,937,567	(9,549)	253,205,393	(4,067,497)	351,180,753	662,246,667
As at 31 December 2022 (audited)	61,937,567	(9,549)	354,930,137	(185,584)	357,093,401	773,765,972
Net profit for the period	-	-	-	-	8,684,739	8,684,739
Other comprehensive loss	-	-	(3,256,325)	-	-	(3,256,325)
Total comprehensive income for the period	-	-	(3,256,325)	-	8,684,739	5,428,414
Amortization of revaluation reserve for property, plant and equipment	-	-	(15,637,258)	-	15,637,258	-
Dividends (Note 9)	-	-	-	-	(15,000,496)	(15,000,496)
As at 30 June 2023 (unaudited)	61,937,567	(9,549)	336,036,554	(185,584)	366,414,902	764,193,890

Signed and approved for issue on 14 August 2023.

Acting General Director (Chairman of the Management Board)

Acting Chief Accountant



Abdirov T.K.

Sarmagambetova M.K.

The 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 2023****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 NOTC “KazTransOil” CJSC shares to TNG, and, as a result, NOTC “KazTransOil” CJSC 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 2023 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”). As at 30 June 2023 87.42% of KMG shares belong to the Government of the Republic of Kazakhstan represented by Sovereign Wealth Fund “Samruk-Kazyna” JSC (hereinafter – “Samruk-Kazyna”), 9.58% of KMG shares belong to the Republic State Institution «National Bank of the Republic of Kazakhstan» and 3% are in free circulation of the Astana International Exchange (AIX) and Kazakhstan Stock Exchange (hereinafter – “KASE”). The Government of the Republic of Kazakhstan is the sole shareholder of Samruk-Kazyna.

As at 30 June 2023 and 31 December 2022 the Company had ownership interest in the following companies:

	Place of incorporation	Principal activities	Ownership	
			30 June 2023	31 December 2022
“MunaiTas” NWPC 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 Astana, Kazakhstan, at 20 Turan Avenue.

The Company has production facilities, which are located in Mangystau, Atyrau, Western-Kazakhstan, Aktubinsk, Karaganda, Ulytau, 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 Astana (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 for the transportation of oil through main oil pipelines, a transport expedition of Kazakhstani oil through pipelines of other states, services for the operation and maintenance of oil pipelines of other organizations, including joint venture of the Company. The Company’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)

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 2023, the approved tariff for pumping oil to the domestic market is 4,355.57 Tenge per ton for 1,000 kilometers without VAT (from 1 January 2022 to 31 August 2022: 3,728.82 Tenge per ton for 1,000 kilometers without VAT; from 1 September 2022 to 30 November 2022: 4,328.04 Tenge per ton for 1,000 kilometers without VAT; from 1 December 2022 to 31 December 2022: 4,355.57 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 km 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 without VAT.

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 2023 were approved by Internal Audit Committee of the Company’s Board of Directors and signed by the Acting General Director (Chairman of the Management Board) and the Acting Chief Accountant on 14 August 2023.

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 2023 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 2022.

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 Acting General Director (Chairman of the Management Board) and the Acting Chief Accountant of the Company on 14 August 2023. 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 2022, except for the adoption of new standards and interpretations effective as at 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

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

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

Some amendments are applied for the first time in 2023. The nature and the impact of each new standard and amendment are described below:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts* that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The amendments had no impact on the Company's interim condensed separate financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's interim condensed separate financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Company's interim condensed separate financial statements, but are expected to affect the accounting policy disclosures in the Company's annual separate financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's interim condensed separate financial statements.

These amendments had no impact on the interim condensed separate financial statements of the Company, as there were no modifications to the Company's financial instruments during the period under review.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

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

Seasonality of operations

The Company's operating costs are subject to seasonal fluctuations, with higher expenses for materials and repair, maintenance and other services usually expected in the latter part 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 made in the first half of the year.

Foreign currency translation

Weighted average currency exchange rates established by 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 2023 and 2022 are as follows:

<i>Tenge</i>	For the six months ended 30 June	
	2023	2022
US Dollars	451.80	450.06
Russian Rubles	5.89	6.08
Euro	488.19	492.40

As at 30 June 2023 and 31 December 2022 the currency exchange rates of KASE are as follows:

<i>Tenge</i>	30 June 2022	31 December 2022
US Dollars	452.51	462.65
Russian Rubles	5.14	6.43
Euro	490.70	492.86

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

Property, plant and equipment as at 30 June 2023 and 31 December 2022 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 2022 (audited)	10,017,836	288,724,610	20,385,434	94,165,943	147,188,702	223,788,482	11,071,794	24,234,349	819,577,150
Additions	4,761	–	217,399	391,982	28,313	–	14,425	26,048,592	26,705,472
Transfers from construction-in-progress	–	104,097	217	1,924,056	4,505,552	–	263,403	(6,797,325)	–
Disposals	(10,842)	(249,245)	(98,423)	(416,816)	(151,242)	(484)	(70,469)	(12,835)	(1,010,356)
Impairment (through revaluation reserve)	–	–	–	–	–	(3,890,101)	–	–	(3,890,101)
Transfers and reclassifications	–	(1,197,382)	–	(55,989)	(457,846)	–	(302)	1,711,519	–
Gross carrying amount as at 30 June 2023 (unaudited)	10,011,755	287,382,080	20,504,627	96,009,176	151,113,479	219,897,897	11,278,851	45,184,300	841,382,165
Accumulated depreciation and impairment as at 31 December 2022 (audited)	–	–	–	–	–	–	–	–	–
Depreciation charge	–	(10,842,576)	(2,306,298)	(2,958,485)	(11,642,172)	–	(1,897,513)	–	(29,647,044)
Disposals	–	121,288	83,452	32,950	129,391	–	69,904	–	436,985
Accumulated depreciation and impairment as at 30 June 2023 (unaudited)	–	(10,721,288)	(2,222,846)	(2,925,535)	(11,512,781)	–	(1,827,609)	–	(29,210,059)
As at 30 June 2023 (unaudited)									
Gross carrying amount	10,011,755	287,382,080	20,504,627	96,009,176	151,113,479	219,897,897	11,278,851	45,184,300	841,382,165
Accumulated depreciation and impairment	–	(10,721,288)	(2,222,846)	(2,925,535)	(11,512,781)	–	(1,827,609)	–	(29,210,059)
Net book value	10,011,755	276,660,792	18,281,781	93,083,641	139,600,698	219,897,897	9,451,242	45,184,300	812,172,106
As at 31 December 2022 (audited)									
Gross carrying amount	10,017,836	288,724,610	20,385,434	94,165,943	147,188,702	223,788,482	11,071,794	24,234,349	819,577,150
Accumulated depreciation and impairment	–	–	–	–	–	–	–	–	–
Net book value	10,017,836	288,724,610	20,385,434	94,165,943	147,188,702	223,788,482	11,071,794	24,234,349	819,577,150

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 30 June 2023 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 pipelines (pumping stations, communication lines, power supply, automation system and others).

As at 30 June 2023:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated, but still in use property, plant and equipment 144 thousand Tenge (as at 31 December 2022: nil Tenge);
- Construction in progress included materials and spare parts in the amount of 888,449 thousand Tenge (as at 31 December 2022: 2,157,965 thousand Tenge), which were acquired for construction works.

Depreciation for six months ended 30 June 2023, capitalised in the cost of construction in progress amounted to 10,681 thousand Tenge (for six months ended 31 June 2022: 12,148 thousand Tenge).

Due to significant changes in the oil price on domestic market, the fair value of the Company's technological oil as at 30 June 2023 was decreased for the amount of 3,890,101 thousand Tenge through other comprehensive loss (for the six months period ended 30 June 2022: increase for the amount of 11,023,850 thousand Tenge through other comprehensive income). Oil price as at 30 June 2023 was 82,589 Tenge per ton (as at 31 December 2022: 84,050 Tenge per ton), the volume of oil in pipelines, included in property, plant, and equipment, amounted 2,663 thousand tons (as at 31 December 2022: 2,663 thousand tons).

4. INVESTMENTS IN SUBSIDIARIES

As at 30 June 2023 and 31 December 2022 investments in subsidiaries are as follows:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Main Waterline	71,497,683	70,168,356
BOT	9,182,546	9,182,546
PTL	2,820,886	2,820,886
Total	83,501,115	82,171,788

The movement of investments in subsidiaries for six months ended 30 June 2023 and 2022 is as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June	
	2023	2022
At the beginning of the period (audited)	82,171,788	79,914,012
Contribution to the charter capital of Main Waterline (Note 21)	1,900,000	3,040,000
Impairment of investments in Main Waterline	(570,673)	(1,810,505)
At the end of the period (unaudited)	83,501,115	81,143,507

Due to the presence of impairment indicators during six months ended 30 June 2023 and 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.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

5. RIGHT-OF-USE ASSETS

Right-of-use assets as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	Right-of-use assets				Total
	Land and other assets	Transportation assets	Buildings and constructions	Machinery, equipment and transfer devices	
Net book value as at 31 December 2022 (audited)	69,072	363,070	313,573	159,903	905,618
Additions (Note 10)	–	7,840,719	–	–	7,840,719
Modification of agreement (Note 10)	–	181,955	–	–	181,955
Disposals	(2,129)	(4,706,843)	(483,668)	–	(5,192,640)
Accumulated depreciation on disposal	2,129	4,706,843	348,338	–	5,057,310
Amortization charge	(1,234)	(957,695)	(107,909)	(40,094)	(1,106,932)
Net book value as at 30 June 2023 (unaudited)	67,838	7,428,049	70,334	119,809	7,686,030

6. TRADE AND OTHER ACCOUNTS RECEIVABLE

Current trade and other accounts receivable as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Trade accounts receivable from related parties (Note 21)	3,955,924	4,166,384
Trade accounts receivable from third parties	1,302,355	1,185,502
Other accounts receivable from third parties	515,403	705,492
Other accounts receivable from related parties (Note 21)	509	509
Less: allowance for expected credit losses	(574,087)	(779,056)
Total	5,200,104	5,278,831

Trade and other accounts receivable of the Company as at 30 June 2023 and 31 December 2022 are denominated in the following currencies:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2021 (audited)
Tenge	5,197,186	5,276,207
Russian Rubles	2,918	2,624
Total	5,200,104	5,278,831

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

7. OTHER CURRENT ASSETS

Other current assets as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Other current financial assets		
Notes of the National Bank of the RK	5,004,284	–
Investments in bonds	612,505	809,649
Due from employees	112,358	10,165
Other	2,111	991
	5,731,258	820,805
Other current non-financial assets		
Due for oil transportation coordination services	3,765,579	5,299,968
Prepaid insurance	661,686	223,958
Deferred expenses	53,441	213,704
	4,480,706	5,737,630
Total other current assets	10,211,964	6,558,435

Notes of the National Bank of the Republic of Kazakhstan

With the aim to generate investment income, the Company purchased short term notes of the National Bank of the Republic of Kazakhstan in the amount of 5,000,000 thousand Tenge (purchase date: 29 June 2023, term: 27 days, redemption amount: 5,061,943 thousand Tenge), recognized as financial assets carried at amortised cost. During the period ended 30 June 2023 the Company recognized finance income in the amount of 4,588 thousand Tenge (*Note 19*).

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Time deposits with banks – Tenge	46,966,639	68,015,091
Time deposits with banks – US Dollars	4,378,241	–
Current accounts with banks – Tenge	766,962	165,033
Current accounts with banks – Russian Rubles	93,101	32,308
Other current accounts with banks	11,114	11,873
Current accounts with banks – US Dollars	59	4,439,439
Cash on hand	205	256
Less: allowance for expected credit losses	(20,966)	(26,730)
Total	52,195,355	72,637,270

As at 30 June 2023:

- Time deposits with maturity less than 3 months placed in Tenge interests ranged from 15.50% to 16.20% per annum (as at 31 December 2022: from 15.50% to 16.05% per annum);
- Time deposits with maturity less than 3 months in US Dollars interests ranged at 1.7% per annum;
- Interests for current accounts placed in Tenge ranged from 7% to 13% per annum (as at 31 December 2022: from 6.75% to 7% per annum);
- Current accounts in US Dollars interests ranged at 0.25% per annum (as at 31 December 2022: 0.25% per annum).

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

9. EQUITY

Asset revaluation reserve

The book value of the asset revaluation reserve as at 30 June 2023 is 336,036,554 thousand Tenge (as at 31 December 2022: 354,930,137 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 2023 the Company accrued dividends payable according to the decision of the general meeting of shareholders dated 24 May 2023 in the amount of 15,000,496 thousand Tenge based on the results of 2022 (calculated as 39 Tenge per 1 share), from which 13,500,710 thousand Tenge was paid to KMG (*Note 21*) and 1,499,786 thousand Tenge – to minority shareholders.

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 was paid to KMG (*Note 21*) and 999,858 thousand Tenge – to minority shareholders.

Earnings per share

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

As the Company does not issue convertible financial instruments, basic earnings per share of the Company are equal to diluted earnings per share.

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

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2023	2022
Net profit attributable to ordinary equity holders	8,684,739	9,463,091
Weighted average number of ordinary shares for the period for basic and diluted earnings per share	384,628,099	384,628,099
Basic and diluted earnings per share, in relation to profit for the period attributable to ordinary equity holders of the Company (in Tenge)	23	25

Book value per ordinary share

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

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Total assets	995,407,747	1,011,812,314
Less: intangible assets	(994,522)	(1,147,720)
Less: total liabilities	(231,213,857)	(238,046,342)
Net assets for calculation of book value per ordinary share	763,199,368	772,618,252
Number of ordinary shares	384,628,099	384,628,099
Book value per ordinary share (in Tenge)	1,984	2,009

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

10. LEASE LIABILITIES

Lease liabilities as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Non-current portion of obligations	5,936,200	190,245
Current portion of obligations	2,224,207	938,352
Total	8,160,407	1,128,597

Changes in the present value of obligations for the six months ended 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	2023	2022
As at 1 January (audited)	1,128,597	1,660,914
Modification of agreement	181,955	597,241
Additions for the period	7,840,719	–
Unwinding of discount on obligations (<i>Note 19</i>)	370,603	76,330
Payments for the period	(1,221,027)	(1,304,929)
Disposals for the period	(140,440)	–
Exchange difference	–	43,439
As at 30 June (unaudited)	8,160,407	1,072,995

11. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Accounts payable to third parties for goods and services	4,319,489	14,436,961
Accounts payable to related parties for goods and services (<i>Note 21</i>)	1,304,453	2,075,402
Other accounts payable to third parties	1,190,669	1,311,009
Total	6,814,611	17,823,372

Trade and other accounts payable as at 30 June 2023 included payables to related and third parties, related to property, plant and equipment and construction-in-progress in the amount of 957,036 thousand Tenge (as at 31 December 2022: 8,288,535 thousand Tenge). The decrease in accounts payable relates to their repayment during the reporting period.

Trade and other accounts payable as at 30 June 2023 and 31 December 2022 are denominated in the following currencies:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Tenge	6,793,976	17,801,254
US Dollars	12,905	17,766
Russian Rubles	7,730	4,352
Total	6,814,611	17,823,372

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

12. CONTRACT LIABILITIES TO CUSTOMERS

Current contract liabilities to customers as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Advances received from related parties (Note 21)	16,659,912	14,645,886
Advances received from third parties	8,490,030	7,877,408
Total	25,149,942	22,523,294

Revenue recognized in respect of contracts with customers

During the current reporting period, the Company recognized the revenue in the amount of 20,806,260 thousand Tenge in respect of contract liabilities to customers as at the beginning of the reporting period (for the six months ended 30 June 2022: 17,323,090 thousand Tenge).

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 2023 and 2022 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>	2023	2023	2023	2022	2022	2022
At the beginning of the period (audited)	28,586,114	12,078,865	40,664,979	34,547,151	–	34,547,151
Revision and reversal of estimates through profit and loss (<i>Note 18</i>)	(866,698)	(151,350)	(1,018,048)	(1,004,425)	(270,160)	(1,274,585)
Revision of estimates through other comprehensive loss/(income)	269,077	(88,771)	180,306	(7,195,171)	–	(7,195,171)
Charge for the period through asset	–	–	–	43,678	13,612,706	13,656,384
Charge for the period through profit and loss (<i>Note 18</i>)	–	–	–	–	1,135,708	1,135,708
Revision of estimates through asset	–	–	–	–	(3,238,167)	(3,238,167)
Unwinding of discount (<i>Note 19</i>)	1,481,299	625,998	2,107,297	1,079,702	487,265	1,566,967
At the end of the period (unaudited)	29,469,792	12,464,742	41,934,534	27,470,935	11,727,352	39,198,287

As at 30 June 2023 the Company revised the long-term provisions considering current best estimate, which was based on the discount rate of 9.09% (as at 31 December 2022: 10.46%) and the inflation rate of 5.02% (as at 31 December 2022 the inflation rate was 6.23%).

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%).

In accordance with the amendments in the Environmental Code of the Republic of Kazakhstan, during the six months period in 2022, the Company recognized an obligation to decommission oil pumping stations (OPS) in the amount 14,748,414 thousand Tenge.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

14. OTHER CURRENT LIABILITIES

Other current liabilities as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Other current financial liabilities		
Employee salary	5,659,615	3,898,617
Provisions for vacations and other employee benefits	4,870,025	9,204,852
Liabilities for oil transportation coordination services to third parties	400,240	486,449
Other	212,904	279,751
	11,142,784	13,869,669
Other current non-financial liabilities		
Liabilities for oil transportation coordination services to related parties (Note 21)	7,433,289	8,039,904
Liabilities for oil transportation coordination services to third parties	3,461,819	4,215,483
Liabilities for pension contributions and social insurance	1,164,734	1,141,365
Other	16	16
	12,059,858	13,396,768
Total other current liabilities	23,202,642	27,266,437

15. REVENUE

Revenue for the six months ended 30 June 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2023	2022
Crude oil transportation	97,680,122	84,766,779
Pipeline operation and maintenance services	13,135,585	9,856,709
Fees for undelivered oil volumes	710,960	956,745
Oil transportation coordination services	344,717	217,134
Oil storage services	69,862	27,378
Other	15,564	15,581
Total	111,956,810	95,840,326
Geographic regions *		
Kazakhstan	97,964,570	82,779,669
Russia	13,387,452	13,060,657
Other	604,788	–
Total revenue under contracts with customers	111,956,810	95,840,326
Timing of revenue recognition		
At a point in time	98,821,225	85,983,617
Over time	13,135,585	9,856,709
Total revenue under contracts with customers	111,956,810	95,840,326

* the revenue information in the tables above is given according to the location of the customers

For the six months ended 30 June 2023 the revenue from four major customers amounted to 26,576,477 thousand Tenge, 15,394,707 thousand Tenge, 9,425,816 thousand Tenge and 6,876,421 thousand Tenge (for the six months ended 30 June 2022: 21,533,409 thousand Tenge, 12,689,700 thousand Tenge, 9,141,409 thousand Tenge and 5,806,514 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 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2023	2022
Personnel costs	42,565,013	38,045,438
Depreciation and amortization	30,346,154	22,949,354
Security services	6,009,317	3,046,210
Taxes other than income tax	5,225,411	4,601,473
Repair and maintenance	3,280,293	3,179,178
Electric energy	3,139,042	2,971,615
Materials and fuel	2,522,356	2,345,288
Food and accommodation	1,227,090	1,040,393
Gas expense	841,969	1,235,553
Business trip expenses	426,698	399,886
Insurance	412,360	343,277
Post-employment benefits	336,644	456,937
Outstaffing services	265,787	210,628
Communication services	152,348	153,933
Air services	140,319	325,637
Environmental protection	116,846	491,474
Other	1,257,836	1,183,680
Total	98,265,483	82,979,954

The increase in personnel costs in the reporting period is mainly due to the salary indexation of production employees of the Company.

The increase in depreciation and amortization is due to an increase in the net book value of property, plant and equipment due to the revaluation in the end of 2022.

The increase in security services expenses is due to an increase in their cost resulting from the salary increase of contractor's personnel.

17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the six months ended 30 June 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2023	2022
Personnel costs	2,778,319	2,792,931
Depreciation and amortization	578,812	575,315
Repair and maintenance	215,994	135,066
Office maintenance	171,102	186,497
Social sphere expenses	154,290	20,937
VAT expenses	130,210	50,674
Taxes other than income tax	107,994	117,606
Outstaffing services	107,580	105,812
Business trip expenses	87,753	65,265
Auditing and consulting services	70,834	67,104
Information expenses	69,609	68,547
Communication services	37,756	46,688
Charge of allowance for expected credit losses, net	22,525	9,160
Post-employment benefits	21,488	26,032
Bank costs	20,370	37,173
Materials and fuel	6,020	24,383
Other	227,255	237,418
Total	4,807,911	4,566,608

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

18. OTHER OPERATING INCOME

Other operating income for the six months ended 30 June 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2023	2022
Income from revision of estimates, reversal and charge on asset retirement and land recultivation obligation, net (<i>Note 13</i>)	1,018,048	138,877
Income from fines and penalties	363,942	377,302
Other income	19,389	36,556
Total	1,401,379	552,735

19. FINANCE INCOME AND EXPENSES

Finance income for the six months ended 30 June 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2023	2022
Interest income on bank deposits and current accounts	4,325,852	847,787
Unwinding of discount on long-term receivables	85,912	92,729
Income from notes of the National Bank of the RK (<i>Note 7</i>)	4,588	–
Reversal of allowance for expected credit losses of bank deposits and cash and cash equivalents, net	842	5,848
Income from revision of bond's fair value	–	42,692
Total	4,417,194	989,056

Finance expenses for the six months ended 30 June 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2023	2022
Unwinding of discount on asset retirement and land recultivation obligation reserve (<i>Note 13</i>)	2,107,297	1,566,967
Net interest cost on employee benefit obligations	727,948	736,712
Amortization of discount on lease liabilities	370,603	76,330
Revision of bond's fair value	116,376	–
Other finance expenses	4,614	8,289
Total	3,326,838	2,388,298

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

20. INCOME TAX EXPENSE

Income tax expenses for the six months ended 30 June 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2023	2022
Current income tax expense	6,088,791	3,816,951
Adjustments of the past periods	81,315	139,049
Deferred income tax benefit	(2,370,668)	(697,573)
Income tax expense	3,799,438	3,258,427

Movement in deferred income tax liabilities for the six months ended 30 June 2023 and 2022 is as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June	
	2023	2022
At the beginning of the period (audited)	107,055,139	81,124,746
Charged to profit and loss	(2,370,668)	(697,573)
Charged to other comprehensive (income)/loss	(814,082)	3,607,348
At the end of the period (unaudited)	103,870,389	84,034,521

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 2023 and 2022 and also the related balances as at 30 June 2023 and 31 December 2022.

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

<i>In thousands of Tenge</i>	Notes	30 June 2023 (unaudited)	31 December 2022 (audited)
Trade and other accounts receivable from related parties			
Trade accounts receivable from joint ventures of the Company		2,491,003	1,540,699
Trade accounts receivable from entities under common control of Samruk-Kazyna		1,235,940	2,496,916
Trade accounts receivable from entities under common control of KMG		228,981	128,769
Total trade accounts receivable from related parties	6	3,955,924	4,166,384
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna			
	6	509	509
Total other accounts receivable from related parties		509	509
Less: allowance for expected credit losses		(4,669)	(4,337)
Total trade and other accounts receivable from related parties		3,951,764	4,162,556

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

21. RELATED PARTY TRANSACTIONS (continued)

Advances provided to related parties are as follows:

	30 June 2023 (unaudited)	31 December 2022 (audited)
<i>In thousands of Tenge</i>		
Advances paid to related parties		
Advances paid to entities under common control of Samruk-Kazyna	1,017	1,017
Total advances paid to related parties	1,017	1,017

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

	Notes	30 June 2023 (unaudited)	31 December 2022 (audited)
<i>In thousands of Tenge</i>			
Trade and other accounts payable to related parties for goods and services			
Trade accounts payable to entities under common control of KMG		1,171,065	1,692,719
Trade accounts payable to entities under common control of Samruk-Kazyna		101,200	373,766
Trade accounts payable to joint ventures of the Company		32,188	8,917
Total trade accounts payable to related parties for goods and services	11	1,304,453	2,075,402

Contract liabilities to customers to related parties are as follows:

	Notes	30 June 2023 (unaudited)	31 December 2022 (audited)
<i>In thousands of Tenge</i>			
Contract liabilities to customers to related parties			
Advances received from entities under common control of KMG		16,412,920	14,445,342
Advances received from entities under common control of Samruk-Kazyna		246,992	200,544
Total contract liabilities to customers to related parties	12	16,659,912	14,645,886

Other current liabilities to related parties are as follows:

	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
<i>In thousands of Tenge</i>			
Liabilities for oil transportation coordination services to related parties			
Liabilities for oil transportation coordination services to entities under common control of KMG		7,433,289	8,039,904
Total liabilities for oil transportation coordination services to related parties	14	7,433,289	8,039,904
Employee benefits obligation of key management personnel			
Employee benefits obligation of key management personnel		71,273	68,028
Total employee benefits obligation of key management personnel		71,273	68,028
Total other current liabilities to related parties		7,504,562	8,107,932

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

21. RELATED PARTY TRANSACTIONS (continued)

The following tables provide the total amount of transactions, which have been entered into with related parties during the six months ended 30 June 2023 and 2022:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2023	2022
Sales to related parties		
Revenue from main activities with entities under common control of KMG	58,897,659	47,923,861
Revenue from main activities with joint ventures of the Company	7,809,722	5,514,978
Revenue from main activities with entities under common control of Samruk-Kazyna	4,582,842	3,710,846
Revenue from main activities with subsidiary of the Company	424,747	397,497
Other income with subsidiaries of the Company	19,529	2,991
Other income with entities under common control of KMG	14,311	57,887
Other income with entities under common control of Samruk-Kazyna	-	106,214
Total	71,748,810	57,714,274

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>	For the six months ended 30 June (unaudited)	
	2023 года	2022 года
Dividend income from related parties		
Dividend income from MunaiTas	1,460,351	-
Dividend income from KCP	-	5,000,000
Total	1,460,351	5,000,000

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)	
	2023	2022
Purchases from related parties		
Purchases of services from entities under common control of KMG	5,035,912	2,582,376
Purchases of services from entities under common control of Samruk-Kazyna	1,189,760	1,476,407
Purchases of services from subsidiaries of the Company	37,611	277,553
Purchases of inventory from entities under common control of KMG and Samruk-Kazyna	162	199
Purchases of property, plant and equipment and intangible assets from subsidiary of the Company	-	326,857
Purchases of inventory from subsidiary of the Company	-	184,875
Purchases of services from joint ventures of the Company	-	103,924
Total	6,263,445	4,952,191

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

21. RELATED PARTY TRANSACTIONS (continued)

Cash flows to related parties 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	9	(13,500,710)	(9,000,473)
Contribution to the share capital of the Main Waterline	4	(1,900,000)	(3,040,000)
Dividends received from MunaiTas		1,460,351	–
Total		(13,940,359)	(12,040,473)

Total accrued compensation to key management personnel for the six months ended 30 June 2023 amounts to 161,853 thousand Tenge (for the six months ended 30 June 2022: 161,386 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 2022. During the six months ended 30 June 2023 there were no significant changes, except for the following:

Contractual commitments to acquire property, plant and equipment

As at 30 June 2023 the Company had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 49,901,803 thousand Tenge (31 December 2022: 77,008,349 thousand Tenge). These contractual obligations are part of the investment program.

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 2023, the balance of obligation under the investment program to be fulfilled was 128 billion Tenge.

The risk monitoring of secondary sanctions

During the six month period ended 30 June 2023 and as at the specified reporting date, the Company complied with the requirements and restrictions imposed by applicable sanctions set by the European Union, the United States of America and other countries against the Russian Federation (RF), as well as certain citizens and companies of the Russian Federation due to the hostilities that began on the territory of Ukraine in February 2022.

As at the date of signing the financial statements, the Company's management believes that the risk of secondary sanctions against the Company is low.

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 short-term financial assets and liabilities approximates their fair value due to the short-term maturity of these financial instruments.

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

24. EVENTS AFTER THE REPORTING PERIOD

From 1 July 2023, new tariffs came into effect:

- for pumping oil to the domestic market of the Republic of Kazakhstan through the system of main pipelines for 2021-2025 in the amount of 4,849.39 Tenge per 1 ton for 1,000 kilometers without VAT;
- for pumping oil on export from the Republic of Kazakhstan in the amount of 10,150.00 Tenge per ton for 1,000 kilometers without VAT.

On 14 July 2023, by the decision of General meeting of members dated 5 July 2023, KCP paid dividends based on the 2022 results, as well as to the Company in the amount of 2,500,000 thousand Tenge.

On 26 July 2023, the issuer redeemed short-term notes of the National Bank of the Republic of Kazakhstan by paying their nominal value in the amount of 5,061,943 thousand Tenge (*Note 7*). At the same time, as at the specified date, the Company acquired similar notes in the amount of 15,000,000 thousand Tenge (term: 28 days, redemption amount: 15,192,720 thousand Tenge).

On 2 August 2023, the Meeting of Directors of PTL made a decision regarding the payment of interim dividends to the Company for the results of the first half of 2023 in the amount of 1,754 thousand US Dollars (equivalent to 778,180 thousand Tenge).