

KazTransOil JSC

Interim condensed separate financial statements

For the six months ended 30 June 2020



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Report on review of interim financial information

Interim condensed separate financial statements

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Report on Review of Interim condensed special purpose separate financial statement

To the Management and Shareholders of KazTransOil JSC

Introduction

We have reviewed the accompanying interim condensed separate financial statements of KazTransOil JSC, which comprise the interim separate statement of financial position as at 30 June 2020 and the related interim separate statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of KazTransOil JSC is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Consolidated financial statements presented separately

Without modifying our conclusion, we draw attention to *Note 2* to the interim condensed separate financial statements which states that the Company is the parent entity of KazTransOil JSC group and that the interim condensed consolidated financial statements of KazTransOil JSC and its subsidiaries ("the Group"), prepared in accordance with IAS 34, have been issued separately. We have performed review of the interim condensed consolidated financial statements of the Group for the six month period, ended 30 June 2020, and expressed an unqualified conclusion thereon in our report on review of interim condensed consolidated financial statements dated 21 August 2020.

Ernst & Young LLP



Adil Syzdykov
Auditor

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050660, Republic of Kazakhstan, Almaty
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21 August 2020



Rustamzhan Sattarov
General Director
Ernst and Young LLP

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

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

<i>In thousands of Tenge</i>	Notes	As at 30 June 2020 (unaudited)	As at 31 December 2019 (audited)
Assets			
Non-current assets			
Property, plant and equipment	3	568,310,454	668,478,286
Right-of-use assets		3,429,198	3,902,044
Intangible assets		1,253,251	1,474,018
Investments in subsidiaries	4	64,210,261	48,195,522
Investments in joint ventures		12,504,945	12,504,945
Advances to suppliers for property, plant and equipment	5	5,319,598	892,354
Accounts receivable	6	1,158,968	1,045,987
Bank deposits	8	1,857,093	2,139,767
Investments in bonds		1,008,162	919,511
Other non-current assets		11,369	11,866
		659,063,299	739,564,300
Current assets			
Inventories		5,655,620	5,297,061
Trade and other accounts receivable	6	7,401,970	4,295,352
Advances to suppliers		683,521	1,115,466
Prepayment for income tax		5,894	1,779,984
VAT recoverable and other prepaid taxes		271,082	1,168,319
Other current assets	7	4,993,914	6,797,567
Interest-free loan to related party		-	523,284
Bank deposits	8	34,158	45,960,400
Cash and cash equivalents	9	46,091,668	23,375,319
		65,137,827	90,312,752
Non-current assets held for sale		865,563	879,814
		66,003,390	91,192,566
Total assets		725,066,689	830,756,866

The accounting policy and explanatory notes on pages 7 through 24 form an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of Tenge</i>	Notes	As at 30 June 2020 (unaudited)	As at 31 December 2019 (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	10	181,834,060	247,417,084
Other capital reserves		(1,892,888)	(1,892,888)
Retained earnings		327,821,803	330,250,403
Total equity		569,690,993	637,702,617
Non-current liabilities			
Employee benefit obligations		16,425,433	15,748,790
Lease liabilities		1,831,260	2,891,445
Deferred tax liabilities	20	65,501,164	80,594,382
Provision for asset retirement and land recultivation obligation	13	26,265,320	27,780,887
Deferred income		6,478	6,600
		110,029,655	127,022,104
Current liabilities			
Employee benefit obligations		559,627	655,489
Trade and other accounts payable	11	5,300,709	13,979,871
Advances received	12	19,419,621	18,413,168
Lease liabilities		2,091,413	1,912,220
Liability on a contribution to charter capital of a joint venture		-	5,000,000
Other taxes payable		672,453	1,263,766
Provisions	13	44,381	44,097
Other current liabilities	14	17,257,837	24,763,534
		45,346,041	66,032,145
Total liabilities		155,375,696	193,054,249
Total equity and liabilities		725,066,689	830,756,866
Book value per ordinary share (in Tenge)	10	1,478	1,654

Signed and approved for issue on 21 August 2020.

General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant



Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 7 through 24 form an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2020	2019
Revenue	15	109,427,515	111,081,028
Cost of sales	16	(64,832,021)	(62,188,218)
Gross profit		44,595,494	48,892,810
General and administrative expenses	17	(4,435,119)	(7,065,918)
Other operating income	18	2,748,214	706,427
Other operating expenses	18	(1,925,742)	(2,300,900)
Operating profit		40,982,847	40,232,419
Net foreign exchange gain/(loss)		3,712,355	(270,905)
Finance income	19	1,420,585	1,224,879
Finance expenses	19	(1,872,138)	(1,933,614)
Profit before income tax		44,243,649	39,252,779
Income tax expense	20	(9,250,779)	(8,562,339)
Net profit for the period		34,992,870	30,690,440
Earnings per share (in Tenge)	10	91	80
Other comprehensive loss			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods			
Impairment of property, plant and equipment, net	3	(73,519,405)	(9,159,944)
Income tax effect	20	14,703,881	1,831,989
		(58,815,524)	(7,327,955)
Recovery/(charge) of provision for asset retirement and land reclamation obligation	13	1,496,432	(533,366)
Income tax effect	20	(299,286)	106,674
		1,197,146	(426,692)
Total other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net		(57,618,378)	(7,754,647)
Total other comprehensive loss for the period, net of tax		(57,618,378)	(7,754,647)
Total comprehensive (loss)/income for the period, net of tax		(22,625,508)	22,935,793

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General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant



Sarmagambetova M.K.

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INTERIM SEPARATE STATEMENT OF CASH FLOWS

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2020	2019
Cash flows from operating activities			
Profit before income tax		44,243,649	39,252,779
Non-cash adjustment to reconcile profit before income tax to net cash flows			
Depreciation and amortization	16, 17	24,734,288	24,407,048
Foreign exchange (gain)/loss		(3,712,355)	270,905
Finance expenses	19	1,872,138	1,933,614
Loss on disposal of property, plant and equipment and intangible assets, net	18	1,844,745	110,712
Finance income	19	(1,420,585)	(1,224,879)
Revision of estimates on provision on asset retirement and land recultivation obligation	18	(1,274,254)	1,168,348
Employee benefits, current service costs	16, 17	334,151	280,890
Write-off of VAT recoverable	17	44,624	42,949
Impairment of non-current assets held for sale	18	7,417	960,745
Others		55,206	51,224
Operating cash flows before working capital changes		66,729,024	67,254,335
(Increase)/decrease in operating assets			
Inventories		(829,994)	(1,202,241)
Trade and other accounts receivable		(3,153,318)	1,797,229
Advances to suppliers		431,945	(1,174,763)
VAT recoverable and other prepaid taxes		(971,090)	245,168
Other current assets		1,783,935	2,395,122
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		(3,323,982)	(1,594,954)
Advances received		1,006,453	(199,348)
Other taxes payable		(591,314)	(57,826)
Other current and non-current liabilities and employee benefit obligations		(7,563,799)	(8,551,114)
Cash generated from operating activities		53,517,860	58,911,608
Income taxes paid		(7,997,050)	(9,192,370)
Interest received		953,484	1,122,770
Net cash flows from operating activities		46,474,294	50,842,008

The accounting policy and explanatory notes on pages 7 through 24 form an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF CASH FLOWS (continued)

In thousands of Tenge	Notes	For the six months ended 30 June (unaudited)	
		2020	2019
Cash flows from investing activities			
Withdrawal of bank deposits		47,824,419	39,498,419
Return/(granting) of interest free loan		605,520	(565,095)
Proceeds from bonds redemption		37,958	29,971
Proceeds from sale of non-current assets held for sale		31,279	288,008
Placement of bank deposits		–	(21,534,560)
Purchase of property, plant and equipment and intangible assets		(21,420,541)	(16,949,651)
Contributions to the share capital of a joint venture	21	(5,000,000)	–
Contributions to the share capital of a subsidiary	4	(857,529)	–
Net cash flows from investing activities		21,221,106	767,092
Cash flows from financing activities			
Dividends paid	10	(45,386,116)	–
Payment of lease liabilities		(1,438,107)	(1,324,800)
Net cash flows used in financing activities		(46,824,223)	(1,324,800)
Net change in cash and cash equivalents		20,871,177	50,284,300
Effects of changes in exchange rates on cash and cash equivalents		1,834,321	(109,927)
Change in allowance for expected credit losses		10,851	(2,510)
Cash and cash equivalents at the beginning of the period		23,375,319	30,325,124
Cash and cash equivalents at the end of the period		46,091,668	80,496,987

Signed and approved for issue on 21 August 2020.

General Director (Chairman of the Management Board)



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Chief Accountant



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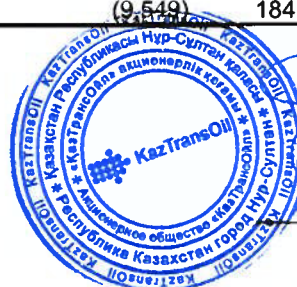
INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Other capital reserves	Retained earnings	Total
As at 31 December 2019 (audited)	61,937,567	(9,549)	247,417,084	(1,892,888)	330,250,403	637,702,617
Net profit for the period	-	-	-	-	34,992,870	34,992,870
Other comprehensive loss	-	-	(57,618,378)	-	-	(57,618,378)
Total comprehensive (loss)/income for the period	-	-	(57,618,378)	-	34,992,870	(22,625,508)
Amortization of revaluation reserve for property, plant and equipment	-	-	(7,964,646)	-	7,964,646	-
Dividends (Note 10)	-	-	-	-	(45,386,116)	(45,386,116)
As at 30 June 2020 (unaudited)	61,937,567	(9,549)	181,834,060	(1,892,888)	327,821,803	569,690,993
As at 31 December 2018 (audited)	61,937,567	(9,549)	198,867,282	(71,795)	322,323,211	583,046,716
Changes in accounting policy	-	-	-	-	(424,036)	(424,036)
As at 1 January 2019 (restated)	61,937,567	(9,549)	198,867,282	(71,795)	321,899,175	582,622,680
Net profit for the period	-	-	-	-	30,690,440	30,690,440
Other comprehensive loss	-	-	(7,754,647)	-	-	(7,754,647)
Total comprehensive (loss)/income for the period	-	-	(7,754,647)	-	30,690,440	22,935,793
Amortization of revaluation reserve for property, plant and equipment	-	-	(7,031,881)	-	7,031,881	-
Dividends (Note 10)	-	-	-	-	(40,001,322)	(40,001,322)
As at 30 June 2019 (unaudited)	61,937,567	(9,549)	184,080,754	(71,795)	319,620,174	565,557,151

Signed and approved for issue on 21 August 2020.

General Director (Chairman of the Management Board)

Chief Accountant



Dossanov D.G.

Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 7 through 24 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 2020****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 2020 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 2020 and 31 December 2019 the Company had interest ownership in the following companies:

	Place of incorporation	Principal activities	Ownership	
			30 June 2020	31 December 2019
“MunaiTas” LLP (hereinafter – “MunaiTas”)	Kazakhstan	Oil transportation	51%	51%
“Kazakhstan-China Pipeline” LLP (hereinafter – “KCP”)	Kazakhstan	Oil transportation	50%	50%
“Batumi Oil Terminal” (hereinafter – “BOT”)*	Georgia	Forwarding, transshipment and storage of oil and oil products and operating of Batumi Sea Port	100%	100%
“Petrotrans Limited” (hereinafter – “PTL”)**	United Arab Emirates	Forwarding of oil and oil products	100%	100%
“Main Waterline” LLP (hereinafter – “Main Waterline”)	Kazakhstan	Water transportation	100%	100%

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

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

The Company’s head office is located in 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 a branch, which is 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 5,378 km and water pipelines of 1,945 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.

The Company is a natural monopolist and, respectively, is subject to regulation of the Committee on Regulation of Natural Monopolies, Protection of Competition and Consumer rights of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – “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 2020, the temporary tariff for pumping oil to the domestic market is 4,109.50 Tenge per ton for 1,000 kilometers without VAT (from 1 January to 31 August 2019 – 4,721.72 Tenge per ton for 1,000 kilometers without VAT; from 1 September to 31 December 2019 – 4,716.62 Tenge per 1 ton for 1,000 kilometers without VAT).

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

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

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

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

These interim condensed separate financial statements for the six months ended 30 June 2020 were approved for issue by internal audit committee of the Company’s Board of Directors and signed by the General Director (Chairman of the Management Board) and the Chief Accountant on 21 August 2020.

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 2020 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 2019.

These interim condensed separate financial statements are presented in Tenge and all amounts are rounded to the nearest thousands, except for the book value of ordinary shares, earnings per share and when otherwise indicated. Functional currency of the Company is Tenge.

These interim condensed separate financial statements were issued in addition to the interim condensed consolidated financial statements of the Company and its subsidiaries. Interim condensed consolidated financial statements were approved for issue by internal audit committee of the Company’s Board of Directors and signed by the General Director (Chairman of the Management Board) and the Chief Accountant of the Company on 21 August 2020. A copy of the interim condensed consolidated financial statements are available on the Company’s corporate internet resource.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

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

New standards, interpretations and amendments adopted by the Company

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 2019, except for the adoption of new standards and interpretations effective as at 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Some amendments are applied for the first time in 2020. The nature and the impact of each new standard and amendment are described below:

Revised version of Conceptual Framework for Financial Reporting

In March 2018, the IASB issued a revised version of *Conceptual Framework for Financial Reporting*. In particular, the revised version introduces new definitions of assets and liabilities, as well as amended definitions of income and expenses. The new version is effective for annual periods starting on or after 1 January 2020. The revised version of Conceptual Framework had no impact on the interim condensed separate financial statements.

Amendments to IFRS 3 Definition of a Business Combinations

In October 2018, the IASB issued amendments to IFRS 3 *Business Combinations*. The amendments enhance definition of a business set out by the standard. The amendments are effective for acquisitions to occur on or after 1 January 2020. Since the amendments apply prospectively to transactions or other events after the date of first application, these amendments had no impact on the interim condensed separate financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Amendments to IAS 1 and IAS 8 introduce the new definition of materiality. The amendments to IAS 1 and IAS 8 are effective on or after 1 January 2020. The amendments to the definition of materiality had no significant impact on its interim condensed separate financial statements.

Amendments to IFRS 7 Financial instruments: Disclosures and IFRS 9 Financial Instruments Named Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 7 *Financial instruments: Disclosures* and IFRS 9 *Financial Instruments Named Interest Rate Benchmark Reform*. The amendments provide relief from certain requirements of hedge accounting, as their fulfillment can lead to discontinuation of hedge accounting due to uncertainty caused by the reform. The amendments are effective on or after 1 January 2020. The amendments had no material effect on the interim condensed separate financial statements.

Seasonality of operations

The Company's operating costs are subject to seasonal fluctuations, with higher expenses for materials and repair, maintenance and other services usually expected in the second half of the year. These fluctuations are mainly due to the pipeline repairs that are performed mainly during the second half of the year. Purchase of inventory is mainly implemented in the first half of the year.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

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

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 2020 and 2019 are as follows:

<i>Tenge</i>	For the six months ended 30 June	
	2020	2019
US Dollars	404.71	379.29
Russian Rubles	5.83	5.81
Euro	445.58	428.45

As at 30 June 2020 and 31 December 2019 the currency exchange rates of KASE are as follows:

<i>Tenge</i>	30 June 2020	31 December 2019
US Dollars	403.93	382.59
Russian Rubles	5.70	6.16
Euro	452.52	429

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

Property, plant and equipment as at 30 June 2020 and 31 December 2019 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
At revalued amount as at 31 December 2019 (audited)	5,517,608	233,126,279	14,887,276	74,585,449	136,020,596	166,121,927	9,759,624	47,342,414	687,361,173
Additions	–	–	984,040	–	400,772	–	60,626	10,654,081	12,099,519
Additions of asset retirement and land recultivation obligation (Note 13)	–	233,363	–	–	–	–	–	–	233,363
Disposals	–	(105,573)	(5,943)	(679)	(57,077)	(1,064)	(63,516)	(1,551)	(235,403)
Revaluation/(impairment) (through revaluation reserve)	–	65,834	–	–	–	(73,581,718)	–	–	(73,515,884)
Transfers from construction in progress	–	7,318,718	129,126	3,347,187	3,716,301	–	198,784	(14,710,116)	–
Contribution to charter capital of a subsidiary	–	–	–	(1,700)	(15,949)	–	–	(15,139,495)	(15,157,144)
Transfers to non-current assets held for sale	–	–	(12,804)	(5,866)	–	–	–	–	(18,670)
Transfers to intangible assets	–	–	–	–	–	–	–	(7,356)	(7,356)
Transfers and reclassifications	–	–	(84,270)	52,494	24,685	–	7,091	–	–
At revalued amount as at 30 June 2020 (unaudited)	5,517,608	240,638,621	15,897,425	77,976,885	140,089,328	92,539,145	9,962,609	28,137,977	610,759,598
Accumulated depreciation and impairment as at 31 December 2019 (audited)	–	(5,385,402)	(937,877)	(2,252,269)	(8,735,671)	–	(1,571,668)	–	(18,882,887)
Depreciation charge	–	(7,081,477)	(1,121,631)	(2,881,587)	(10,973,765)	–	(1,686,532)	–	(23,744,992)
Disposals	–	51,203	2,818	590	57,071	–	63,516	–	175,198
Impairment (through expenses)	–	(509)	–	–	–	–	–	–	(509)
Impairment (through revaluation reserve)	–	(1,894)	–	(1,627)	–	–	–	–	(3,521)
Transfers from non-current assets held for sale	–	–	3,923	2,465	–	–	–	–	6,388
Contribution to charter capital of a subsidiary	–	–	–	119	1,060	–	–	–	1,179
Transfers and reclassifications	–	–	1,355	(363)	(964)	–	(28)	–	–
Accumulated depreciation and impairment as at 30 June 2020 (unaudited)	–	(12,418,079)	(2,051,412)	(5,132,672)	(19,652,269)	–	(3,194,712)	–	(42,449,144)
As at 30 June 2020 (unaudited)									
At revalued amount	5,517,608	240,638,621	15,897,425	77,976,885	140,089,328	92,539,145	9,962,609	28,137,977	610,759,598
Accumulated depreciation and impairment	–	(12,418,079)	(2,051,412)	(5,132,672)	(19,652,269)	–	(3,194,712)	–	(42,449,144)
Net book value	5,517,608	228,220,542	13,846,013	72,844,213	120,437,059	92,539,145	6,767,897	28,137,977	568,310,454
As at 31 December 2019 (audited)									
At revalued amount	5,517,608	233,126,279	14,887,276	74,585,449	136,020,596	166,121,927	9,759,624	47,342,414	687,361,173
Accumulated depreciation and impairment	–	(5,385,402)	(937,877)	(2,252,269)	(8,735,671)	–	(1,571,668)	–	(18,882,887)
Net book value	5,517,608	227,740,877	13,949,399	72,333,180	127,284,925	166,121,927	8,187,956	47,342,414	668,478,286

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 30 June 2020 construction in progress mainly includes the following production facilities:

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

As at 30 June 2020:

- The initial cost and corresponding accumulated depreciation of fully depreciated property, plant and equipment 1,199,613 thousand Tenge (as at 31 December 2019: 1,030,764 thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 3,363,633 thousand Tenge (as at 31 December 2019: 3,669,128 thousand Tenge), which were acquired for construction works.

Depreciation of property, plant, and equipment for six months ended 30 June 2020, included in the cost of construction in progress amounted to 12,750 thousand Tenge (for six months ended 30 June 2019: 14,824 thousand Tenge).

Due to significant changes in the oil price on domestic market, the fair value of the Company's technological oil in the reporting period ended 30 June 2020 was reduced for the amount of 73,581,718 thousand Tenge through other comprehensive income (in the reporting period ended 30 June 2019 the technological oil value decreased by 9,152,746 thousand Tenge through other comprehensive income). Oil price as at 30 June 2020 was 35,526 Tenge per ton (as at 31 December 2019: 63,774 Tenge per ton), the volume of oil in pipelines, included in property, plant, and equipment, amounted 2,605 thousand tons (as at 31 December 2019: 2,605 thousand tons).

4. INVESTMENTS IN SUBSIDIARIES

As at 30 June 2020 and 31 December 2019 investments in subsidiaries are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Main Waterline	52,206,829	36,192,090
BOT	9,182,546	9,182,546
PTL	2,820,886	2,820,886
Total	64,210,261	48,195,522

The movement of investments in subsidiaries for six months ended 30 June 2020 is as follows:

<i>In thousands of Tenge</i>	2020
As at 1 January	48,195,522
Contribution to the charter capital of the Main Waterline	16,014,739
As at 30 June	64,210,261

During six months 2020 the Company made a contribution to the charter capital of Main Waterline by transferring property plant and equipment in the amount of 15,157,210 thousand Tenge and by transferring the cash contribution in the amount of 857,529 thousand Tenge.

5. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

Advances to suppliers for property, plant and equipment as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Advances to third parties for property, plant and equipment and construction services	5,372,856	945,612
Less: impairment	(53,258)	(53,258)
Total	5,319,598	892,354

The increase in advances given is mainly due to prepayment for the capital repair project with the replacement of sections of the Uzen-Atyrau-Samara main oil pipeline.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

6. ACCOUNTS RECEIVABLE

Long-term accounts receivable as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Other accounts receivable from third parties	1,220,460	1,123,472
Less: allowance for expected credit losses	(61,492)	(77,485)
Total	1,158,968	1,045,987

Current trade and other accounts receivable as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Trade accounts receivable from related parties (Note 21)	6,084,277	1,925,781
Trade accounts receivable from third parties	1,465,515	2,466,649
Other accounts receivable from third parties	729,556	767,842
Other accounts receivable from related parties (Note 21)	509	509
	8,279,857	5,160,781
Less: allowance for expected credit losses	(877,887)	(865,429)
Total	7,401,970	4,295,352

Trade and other accounts receivable of the Company as at 30 June 2020 and 31 December 2019 are denominated in the following currencies:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Tenge	7,395,492	4,293,049
Other currency	6,478	2,303
Total	7,401,970	4,295,352

7. OTHER CURRENT ASSETS

Other current assets as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Due for oil transportation coordination services	4,174,291	6,726,960
Prepaid insurance	786,547	35,760
Due from employees	29,966	28,253
Deferred expenses	2,033	5,083
Other	1,077	1,511
Total	4,993,914	6,797,567

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

8. BANK DEPOSITS

Bank deposits as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Long-term bank deposits – Tenge	1,873,062	2,158,180
Short-term bank deposits – US Dollars	–	45,910,799
Accrued interest on deposits – Tenge	34,158	39,791
Accrued interest on deposits – US Dollars	–	69,414
Less: allowance for expected credit losses	(15,969)	(78,017)
Total	1,891,251	48,100,167

In accordance with the maturity, bank deposits as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Long-term bank deposits with maturity over 1 year	1,857,093	2,139,767
Short-term bank deposits with maturity under 1 year	34,158	45,960,400
Total	1,891,251	48,100,167

As at 30 June 2020 and 31 December 2019 bank deposits comprised of the restricted long-term bank deposits with interest from 2% to 3.5% per annum maturing in 2028 and 2027, respectively, arranged for the purpose of preferential lending rates for the Company's employees for the purchase of residential property.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Time deposits with banks – Tenge	14,940,568	19,238,432
Current accounts with banks – US Dollars	30,656,534	3,643,342
Current accounts with banks – Tenge	442,478	472,215
Current accounts with banks – Russian Rubles	50,471	32,182
Other current accounts with banks	24,963	23,175
Cash on hand	109	280
Less: allowance for expected credit losses	(23,455)	(34,307)
Total	46,091,668	23,375,319

As at 30 June 2020:

- Current accounts and time deposits with maturity less than 3 months in Tenge placed with Kazakhstani banks carried interest ranging from 6.75% to 8.6% per annum (as at 31 December 2019: from 6.75% to 8.60% per annum);
- Interest for current account placed in US Dollars is 0.25% per annum (as at 31 December 2019: 0.25% per annum).

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

10. EQUITY

Asset revaluation reserve

The book value of the asset revaluation reserve as at 30 June 2020 is 181,834,060 thousand Tenge (as at 31 December 2019: 247,417,084 thousand Tenge). Change in the reserve of the Company is mainly due to the impairment 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

As at 30 June 2020 the Company accrued dividends payable according to the decision of the general meeting of shareholders dated 27 May 2020 in the amount of 45,386,116 thousand Tenge based on the results of 2019 (calculated as 118 Tenge per 1 share), with the use of net income received in 2019, in the amount of 45,121,438 thousand Tenge and retained earnings of previous years in the amount of 264,678 thousand Tenge, from which 40,848,301 thousand Tenge will be paid to KMG (*Note 21*) and 4,537,815 thousand Tenge – to minority shareholders.

As at 30 June 2019 the Company accrued dividends payable according to the decision of the general meeting of shareholders dated 28 May 2019 in the amount of 40,001,322 thousand Tenge based on the results of 2018 (calculated as 104 Tenge per 1 share), with the use of net income received in 2018, in the amount of 38,484,983 thousand Tenge and retained earnings of previous years in the amount of 1,516,339 thousand Tenge, from which in July 2019 36,001,892 thousand Tenge was paid to KMG and 3,999,430 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)	
	2020	2019
Net profit attributable to ordinary equity holders	34,992,870	30,690,440
Weighted average number of ordinary shares for the period for basic earnings per share	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 (in Tenge)	91	80

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 2020 (unaudited)	31 December 2019 (audited)
Total assets	725,066,689	830,756,866
Less: intangible assets	(1,253,251)	(1,474,018)
Less: total liabilities	(155,375,696)	(193,054,249)
Net assets for calculation of book value per ordinary share	568,437,742	636,228,599
Number of ordinary shares	384,628,099	384,628,099
Book value per ordinary share (in Tenge)	1,478	1,654

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

11. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Trade accounts payable to third parties for goods and services	2,701,033	8,072,670
Trade accounts payable to related parties for goods and services (Note 21)	1,582,343	4,796,575
Other accounts payable to third parties	1,017,333	1,106,445
Other accounts payable to related parties (Note 21)	–	4,181
Total	5,300,709	13,979,871

As at 30 June 2020 trade and other accounts payable included payables to related and third parties for property, plant and equipment, for works and services related to the construction in progress in the amount of 1,124,328 thousand Tenge (as at 31 December 2019: 7,697,365 thousand Tenge).

Trade and other accounts payable as at 30 June 2020 and 31 December 2019 are denominated in the following currencies:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Tenge	5,276,717	13,938,816
US Dollars	19,384	18,297
Russian Rubles	4,608	4,830
Euro	–	17,928
Total	5,300,709	13,979,871

12. ADVANCES RECEIVED

Advances received as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Advances received from related parties (Note 21)	12,385,425	11,220,896
Advances received from third parties	7,034,196	7,192,272
Total	19,419,621	18,413,168

13. PROVISIONS

Short-term provisions

As at 30 June 2020 and 31 December 2019 short-term provisions are presented by other provisions and amount to 44,381 thousand Tenge and 44,097 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 six months ended 30 June 2020 and 2019 is as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June	
	2020	2019
At the beginning of the period (audited)	27,780,887	21,109,397
Charge for the period through asset (Note 3)	233,363	–
Revision of estimates through profit and loss (Note 18)	(1,274,254)	1,168,348
Revision of estimates through other comprehensive loss	(1,496,432)	533,366
Unwinding of discount (Note 19)	1,021,756	920,360
At the end of the period (unaudited)	26,265,320	23,731,471

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

13. PROVISIONS (continued)

Long-term provisions (continued)

Asset retirement and land recultivation obligation (continued)

As at 30 June 2020 the Company revised the long-term provisions considering current best estimate, which was based on the discount rate of 8.05% (as at 31 December 2019: 7.46%). As at 30 June 2020 the inflation rate was 5.65% (as at 31 December 2019: 5.48%).

14. OTHER CURRENT LIABILITIES

Other current liabilities as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Liability for oil transportation coordination services to related parties (Note 21)	7,564,293	8,193,956
Liability for oil transportation coordination services to third parties	4,829,040	5,192,306
Salaries and other compensations	4,248,380	10,397,648
Payable to pension fund	469,755	829,214
Other accruals	146,369	150,410
Total	17,257,837	24,763,534

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

15. REVENUE

Revenue for the six months ended 30 June 2020 and 2019 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
Crude oil transportation	98,618,112	99,942,569
Pipeline operation services	8,829,951	8,294,414
Fees for undelivered oil volumes	1,555,893	2,386,044
Oil transportation coordination services	362,168	347,970
Oil storage services	35,632	36,768
Other	25,759	73,263
Total	109,427,515	111,081,028
Geographic regions		
Kazakhstan	96,879,645	99,189,396
Russia	12,547,870	11,891,632
Total revenue under contracts with customers	109,427,515	111,081,028
Timing of revenue recognition		
At a point in time	100,597,564	102,786,614
Over time	8,829,951	8,294,414
Total revenue under contracts with customers	109,427,515	111,081,028

For the six months ended 30 June 2020 the revenue from four major customers amounted to 26,030,845 thousand Tenge, 16,648,996 thousand Tenge, 6,003,473 thousand Tenge and 5,696,125 thousand Tenge (for the six months ended 30 June 2019: 26,522,855 thousand Tenge, 15,987,973 thousand Tenge, 7,920,182 thousand Tenge and 5,618,382 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 2020 and 2019 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
Depreciation and amortization	24,056,116	23,873,593
Personnel costs	21,951,609	19,537,508
Taxes other than income tax	4,214,497	3,934,753
Repair and maintenance	2,834,665	2,891,811
Security services	2,547,104	2,295,220
Electric energy	2,504,366	2,602,419
Materials and fuel	2,383,741	1,951,259
Gas expense	1,363,437	1,386,510
Food and accommodation	915,333	981,520
Post-employment benefits	318,053	261,297
Insurance	276,462	246,506
Business trip expenses	271,788	397,481
Outstaffing services	179,141	173,447
Communication services	140,933	184,970
Environmental protection	129,234	370,285
Air services	-	232,315
Other	745,542	867,324
Total	64,832,021	62,188,218

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

The lack of air services in the reporting period is due to a temporary cessation of flights from the second quarter of 2019.

17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the six months ended 30 June 2020 and 2019 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
Personnel costs	2,680,254	2,631,874
Depreciation and amortization	678,172	533,455
Office maintenance	259,536	252,281
Repair and maintenance	112,616	128,914
Taxes other than income tax	107,820	113,817
Outstaffing services	89,801	91,375
Information expenses	68,692	62,303
Consulting services	51,861	35,510
Communication services	46,877	69,910
Write-off of VAT recoverable	44,624	42,949
Bank costs	31,802	29,858
Business trip expenses	30,364	137,461
Materials and fuel	21,424	25,587
Post-employment benefits	16,098	19,593
Charity	-	2,200,000
Administrative fines	-	315,138
Other	195,178	375,893
Total	4,435,119	7,065,918

Charity expenses for six months 2019 are associated with the provision of sponsorship for the construction of a facility in the city of Turkestan.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

18. OTHER OPERATING INCOME AND EXPENSES

Other operating income for the six months ended 30 June 2020 and 2019 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
Income from fines and penalties	1,388,153	665,063
Revision of estimates on provision on asset retirement and land recultivation obligation (<i>Note 13</i>)	1,274,254	–
Income from disposal of inventories, net	85,300	11,288
Other income	507	30,076
Total	2,748,214	706,427

The increase in income from fines and penalties in the reporting period is due to claims against certain shippers regarding the quality of oil delivered by them at the beginning of the year.

Other operating expenses for the six months ended 30 June 2020 and 2019 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
Loss on disposal of property, plant and equipment and intangible assets, net	1,844,745	110,712
Loss on disposal of right-of-use assets	30,554	–
Impairment of assets held for sale	7,417	960,745
Revision of estimates on provision on asset retirement and land recultivation obligation (<i>Note 13</i>)	–	1,168,348
Other expenses	43,026	61,095
Total	1,925,742	2,300,900

Loss on disposal of property, plant and equipment and intangible assets for the six months ended 30 June 2020 includes VAT in the amount of 1,823,703 thousand Tenge, excluded, in accordance with tax legislation, from offset as a result of the transfer of property, plant and equipment of the Company to the authorized capital of a subsidiary (*Notes 3, 4*).

The impairment charge for non-current assets held for sale for the six months ended 30 June 2019 is mainly related to the recognition of the impairment of the carrying amount of property of the administrative building in Pavlodar, accounted for at 31 December 2018 within non-current assets held for sale, to its recoverable amount based on an offer to purchase the specified assets.

19. FINANCE INCOME AND EXPENSES

Finance income for the six months ended 30 June 2020 and 2019 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
Interest income on bank deposits and current accounts	1,037,179	1,099,915
Income from revision of bond's fair value	126,609	89,879
Reversal of allowance for expected credit losses of cash and cash equivalents and bank deposits, net	98,616	19,750
Unwinding of discount on long-term receivables	97,753	–
Other finance income	60,428	15,335
Total	1,420,585	1,224,879

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

19. FINANCE INCOME AND EXPENSES (continued)

Finance expenses for the six months ended 30 June 2020 and 2019 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
Unwinding of discount on asset retirement and land recultivation obligation reserve (Note 13)	1,021,756	920,360
Interest cost on employee benefit obligations	590,955	622,175
Other finance expenses	259,427	391,079
Total	1,872,138	1,933,614

20. INCOME TAX EXPENSE

Income tax expenses for the six months ended 30 June 2020 and 2019 are as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
Current income tax expense	9,869,449	9,662,378
Adjustments of the past periods	69,953	(83,663)
Deferred income tax benefit	(688,623)	(1,016,376)
Income tax expense	9,250,779	8,562,339

Movement in deferred income tax liabilities for the six months ended 30 June 2020 and 2019 is as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June	
	2020	2019
At the beginning of the period (audited)	80,594,382	68,003,798
Charged to profit and loss	(688,623)	(1,016,376)
Charged to other comprehensive income	(14,404,595)	(1,938,663)
Changes in accounting policy	–	(106,009)
At the end of the period (unaudited)	65,501,164	64,942,750

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 2020 and 2019 and also the related balances as at 30 June 2020 and 31 December 2019.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

21. RELATED PARTY TRANSACTIONS (continued)

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

<i>In thousands of Tenge</i>	Notes	30 June 2020 (unaudited)	31 December 2019 (audited)
Trade and other accounts receivable from related parties			
Trade accounts receivable from joint ventures of the Company		4,917,009	931,715
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		980,095	872,538
Trade accounts receivable from entities under common control of KMG		187,173	121,528
Total trade accounts receivable from related parties	6	6,084,277	1,925,781
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna Group			
		509	509
Total other accounts receivable from related parties	6	509	509
Less: allowance for expected credit losses		(14,985)	(4,095)
Total trade and other accounts receivable from related parties		6,069,801	1,922,195

Trade receivables from joint ventures of the Company as at 30 June 2020 are mainly represented by services rendered by the Company to joint venture KCP. As the 2019 contracts were terminated and the procedure of contracts negotiation for 2020 has not yet been completed, the Company recognized accounts receivable from KCP on an accrual basis, based on the best estimate of the Company's management.

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Advances paid to related parties		
Advances paid to entities under common control of KMG	283,125	548,107
Advances paid to entities under common control of Samruk-Kazyna Group	47,395	1,105
Total advances paid to related parties	330,520	549,212

Interest free loan to related parties were presented as follows:

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Interest free loans to related party		
Interest free loan to subsidiary BOT	–	523,284
Total interest free loans to related party	–	523,284

During the six months ended 30 June 2020 BOT repaid the loan received in 2019.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

21. RELATED PARTY TRANSACTIONS (continued)

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

<i>In thousands of Tenge</i>	Notes	30 June 2020 (unaudited)	31 December 2019 (audited)
Trade and other accounts payable to related parties for goods and services			
Trade accounts payable to entities under common control of KMG		1,079,625	1,870,512
Trade accounts payable to entities under common control of Samruk-Kazyna Group		487,220	2,917,379
Trade accounts payable to joint ventures of the Company		15,498	8,684
Total trade accounts payable to related parties for goods and services	11	1,582,343	4,796,575
Other payables to entities under common control of Samruk-Kazyna Group			
		–	2,344
Other payables to joint ventures of the Company		–	1,837
Total other payables to related parties	11	–	4,181
Total trade and other accounts payable to related parties		1,582,343	4,800,756

Advances received from related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2020 (unaudited)	31 December 2019 (audited)
Advances received from related parties			
Advances received from entities under common control of KMG		12,160,637	10,979,288
Advances received from entities under common control of Samruk-Kazyna Group		224,788	241,608
Total advances received from related parties	12	12,385,425	11,220,896

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2020 (unaudited)	31 December 2019 (audited)
Accounts payable for oil transportation coordination services to related parties			
Accounts payable for oil transportation coordination services to entities under common control of KMG		7,564,293	8,193,956
Total accounts payable for oil transportation coordination services to related parties	14	7,564,293	8,193,956
Employee benefits obligation of key management personnel			
Employee benefits obligation of key management personnel		59,090	52,873
Total employee benefits obligation of key management personnel		59,090	52,873
Total other current liabilities to related parties		7,623,383	8,246,829

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 2020 and 2019:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
Sales to related parties		
Revenue from main activities with entities under common control of KMG	58,281,658	59,191,477
Revenue from main activities with joint ventures of the Company	5,038,445	4,675,078
Revenue from main activities with entities under common control of Samruk-Kazyna Group	3,728,869	3,967,163
Revenue from main activities with subsidiaries of the Company	381,446	–
Revenue from other activities with entities under common control of KMG	65,055	542,040
Revenue from other activities with entities under common control of Samruk-Kazyna Group	19,274	5,201
Total	67,514,747	68,380,959

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

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
Purchases from related parties		
Purchases of services from entities under common control of KMG	2,826,174	2,983,832
Purchases of services from entities under common control of Samruk-Kazyna Group	885,404	1,073,631
Purchases of services from subsidiaries of the Company	334,114	294,367
Purchases of services from joint ventures of the Company	51,392	41,232
Purchases of inventory from subsidiary of the Company	1,012,829	727,439
Purchases of inventory from entities under common control of KMG	76	572,619
Purchases of inventory from entities under common control of Samruk-Kazyna Group	90	90
Purchases of property, plant and equipment and intangible assets from entities under common control of Samruk-Kazyna Group	993,973	10,797,231
Purchases of property, plant and equipment and intangible assets from subsidiary of the Company	442,178	426,063
Purchases of property, plant and equipment and intangible assets from entities under common control of KMG	–	166,370
Total	6,546,230	17,082,874

The decrease for the six months ended 30 June 2020 in purchases of property, plant and equipment and intangible assets from entities under common control of Samruk-Kazyna Group is mainly due to the completion of construction work by a related party at the end of 2019 on the replacement of the pipeline on the main oil pipeline “Prorva-Kulsary” and on the section of main water pipeline “Astrakhan-Mangyshlak” transferred to the subsidiary in the reporting period (Notes 3, 4).

Cash flows to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2020 (unaudited)	31 December 2019 (audited)
Cash flows to related parties			
Payment of KMG dividends	10	(40,848,301)	–
Repayment of contribution liability to charter capital of a joint venture		(5,000,000)	–
Contribution to the share capital of the Main Waterline	4	(857,529)	–
Return/(granting) of interest free loan to BOT		605,520	(565,095)
Total		(46,100,310)	(565,095)

Total accrued compensation to key management personnel for the six months ended 30 June 2020 amounts to 172,191 thousand Tenge (for the six months ended 30 June 2019: 167,319 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company’s internal regulations.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

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 2019. During the six months ended 30 June 2020 there were no significant changes, except for the following:

Contractual commitments to acquire property, plant and equipment

As at 30 June 2020 the Company had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 44,109,957 thousand Tenge (31 December 2019: 22,963,704 thousand Tenge).

Investment program commitments

In accordance with the Law of the Republic of Kazakhstan On Natural Monopolies, the Company, as a subject of natural monopolies, within the approved maximum tariffs for 2015-2019, has an obligation to execute the investment program aimed at capital construction/reconstruction/overhaul/diagnostics of production facilities of the Company for 2015-2019, in the total amount of 191 billion Tenge.

As at 30 June 2020 and as at 31 December 2019, Company's commitments for the execution of the investment program comprise 26.6 billion Tenge.

Due to non-performance of certain measures of the investment program in part of 2016 and 2017, as well as the CRNM's refusal to adjust the investment program for 2018-2019, confirmed by judicial acts of the Republic of Kazakhstan that have entered into legal force, there is a risk of applying a temporary compensating tariff to the Company for the service for pumping oil to the domestic market, as well as the return of unreasonably received income for a regulated water transportation service to consumers.

On 29 April 2020 the Company sent a report to the CRNM on the implementation of the investment program for 2019 part. Upon the completion of the consideration of this report by the CRNM, the amount of the temporary compensating tariff will be determined in connection with the failure to fulfill certain measures of the investment program as a whole for the period 2015-2019.

In accordance with the Law of the Republic of Kazakhstan *On Natural Monopolies*, the temporary compensating tariff is applied for subsequent periods from the first day of the second month following the month when the CRNM analyzes the report.

In relation to the regulated water transportation service, the Company assesses the risk of returning unreasonably received income as remote, since starting from 2 July 2018, this activity has been transferred to the subsidiary Main Waterline.

23. FINANCIAL INSTRUMENTS

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

Fair value of financial instruments

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

24. SUBSEQUENT EVENTS

Contribution to the share capital of subsidiary

On 20 July 2020 the Company made a contribution to the share capital of the Main Waterline in the total amount of 4,589,358 thousand Tenge.

Sponsorship

In order to support the government's ongoing policy in the fight against coronavirus infection COVID-19, the Company signed an agreement in August of current year for the purchase of artificial lung ventilation devices for the amount of 1 billion Tenge, which will be donated as sponsorship to healthcare organizations of the Republic of Kazakhstan based on the right of the state property.