

KazTransOil JSC

Interim condensed consolidated financial statements

For the six months ended 30 June 2021

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Interim condensed consolidated financial statements

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Report on review of interim condensed consolidated financial statements

To the Shareholders of KazTransOil JSC

Introduction

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

Ernst & Young LLP



Adil Syzdykov
Auditor

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

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

17 August 2021



Olga Khegay
Acting General Director
Ernst and Young LLP

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of Tenge</i>	Notes	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Assets			
Non-current assets			
Property, plant and equipment	3	747,270,970	667,480,058
Right-of-use assets		1,835,784	2,547,819
Intangible assets		7,103,981	7,167,364
Investments in joint ventures	4	70,219,414	63,422,815
Advances to suppliers for property, plant and equipment	5	1,936,530	74,922
VAT recoverable	7	2,494,722	2,047,148
Other long-term accounts receivable	6	1,078,369	983,401
Bank deposits	9	1,855,232	3,569,402
Investments in bonds		1,026,929	913,746
Other non-current assets		92,424	90,917
		834,914,355	748,297,592
Current assets			
Inventories		10,298,561	8,234,956
Trade and other accounts receivable	6	5,409,925	4,266,802
Advances to suppliers		495,907	724,318
Prepayment for income tax		570,007	1,350,911
VAT recoverable and other prepaid taxes	7	6,357,526	8,014,017
Other current assets	8	5,261,809	8,285,445
Bank deposits	9	8,595,228	27,342,909
Cash and cash equivalents	10	40,515,032	52,014,612
		77,503,995	110,233,970
Non-current assets held for sale		605,815	630,839
		78,109,810	110,864,809
Total assets		913,024,165	859,162,401

The accounting policy and explanatory notes on pages 8 through 34 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of Tenge</i>	Notes	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Equity and liabilities			
Equity			
Share capital		61,937,567	61,937,567
Treasury shares repurchased from shareholders		(9,549)	(9,549)
Asset revaluation reserve	11	268,639,495	221,632,815
Foreign currency translation reserve		39,757,184	38,325,342
Other capital reserves		(5,999,468)	(5,999,468)
Retained earnings		328,960,692	336,631,554
Total equity		693,285,921	652,518,261
Non-current liabilities			
Employee benefit obligations		22,219,304	21,559,008
Deferred tax liabilities	21	73,863,655	62,221,923
Provision for asset retirement and land recultivation obligation	14	32,283,735	33,688,837
Contract liabilities to customers	12	31,269,270	8,693,200
Lease liabilities		586,759	1,415,473
		160,222,723	127,578,441
Current liabilities			
Current part of employee benefit obligations		758,866	693,235
Income tax payable		2,455,568	1,057,326
Trade and other accounts payable	13	8,736,793	22,352,736
Contract liabilities to customers	12	20,190,369	21,470,201
Lease liabilities		1,500,074	1,994,823
Other taxes payable		6,564,622	5,418,739
Provisions	14	1,589,380	1,269,350
Other current liabilities	15	17,719,849	24,809,289
		59,515,521	79,065,699
Total liabilities		219,738,244	206,644,140
Total equity and liabilities		913,024,165	859,162,401
Book value per ordinary share (in Tenge)	11	1,784	1,678

Signed and approved for issue on 17 August 2021.

General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant

Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 8 through 34 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of Tenge</i>	Notes	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
		2021	2020	2021	2020
Revenue	16	58,487,826	61,872,387	116,803,772	118,680,820
Cost of sales	17	(38,667,659)	(36,235,156)	(76,361,632)	(73,934,452)
Gross profit		19,820,167	25,637,231	40,442,140	44,746,368
General and administrative expenses	18	(2,778,793)	(2,825,568)	(6,677,298)	(5,811,219)
Other operating income	19	(3,067)	2,081,687	1,537,575	2,943,424
Other operating expenses	19	372,301	(86,920)	(34,913)	(1,976,359)
Operating profit		17,410,608	24,806,430	35,267,504	39,902,214
Net foreign exchange gain/(loss)		(304,840)	(5,995,504)	174,470	3,773,173
Finance income	20	1,038,884	923,978	2,100,175	1,576,375
Finance expenses	20	(874,708)	(915,997)	(1,987,725)	(1,872,432)
Share in income of joint ventures	4	3,796,393	9,681,311	6,407,682	3,630,981
Profit before income tax		21,066,337	28,500,218	41,962,106	47,010,311
Income tax expense	21	(3,906,876)	(3,763,076)	(8,108,678)	(8,839,826)
Net profit for the period		17,159,461	24,737,142	33,853,428	38,170,485
Earnings per share (in Tenge)	11	45	64	88	99
Other comprehensive income/(loss)					
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</i>					
Exchange difference from translation of foreign operations of the Group		1,943,705	(2,372,671)	1,431,842	623,123
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net		1,943,705	(2,372,671)	1,431,842	623,123

The accounting policy and explanatory notes on pages 8 through 34 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of Tenge</i>	Notes	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
		2021	2020	2021	2020
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods					
Revaluation/(impairment) of property, plant and equipment of the Group, net		58,810,562	(17,502,619)	68,309,462	(73,519,405)
Income tax effect	21	(11,762,112)	3,500,524	(13,661,892)	14,703,881
		47,048,450	(14,002,095)	54,647,570	(58,815,524)
Reversal/(charge) of provision for asset retirement and land reclamation obligation of the Group					
	14	(1,559,927)	5,221,336	1,521,015	1,496,432
Income tax effect	21	311,985	(1,044,267)	(304,203)	(299,286)
		(1,247,942)	4,177,069	1,216,812	1,197,146
Reversal/(charge) of provision on asset retirement and land reclamation obligation of the joint ventures					
		(491,476)	1,337,136	486,146	(188,925)
Income tax effect		98,295	(267,426)	(97,229)	37,786
	4	(393,181)	1,069,710	388,917	(151,139)
Total other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods, net					
		45,407,327	(8,755,316)	56,253,299	(57,769,517)
Total other comprehensive income/(loss) for the period, net of tax					
		47,351,032	(11,127,987)	57,685,141	(57,146,394)
Total comprehensive income/(loss) for the period, net of tax					
		64,510,493	13,609,155	91,538,569	(18,975,909)

Signed and approved for issue on 17 August 2021.

General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant



The accounting policy and explanatory notes on pages 8 through 34 form
an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2021	2020
Cash flows from operating activities			
Profit before income tax		41,962,106	47,010,311
Non-cash adjustment to reconcile profit before income tax to net cash flows			
Depreciation and amortization	17, 18	26,599,182	27,489,204
Share in income of joint ventures	4	(6,407,682)	(3,630,981)
Finance income	20	(2,100,175)	(1,576,375)
Finance expenses	20	1,987,725	1,872,432
Reversal and revision of estimates on provision on asset retirement and land recultivation obligation, net	19	(1,073,178)	(1,274,254)
Charge of short-term provisions	18, 19	509,489	-
Employee benefits expenses, current service costs	17, 18	512,090	334,151
Amortisation of deferred income		(487,197)	(130,841)
Foreign exchange gain, net		(174,470)	(3,773,173)
Charge of allowance for expected credit losses, net	18	149,754	32,300
Loss on disposal of property, plant and equipment and intangible assets, net	19	59,802	31,190
Income on disposal of non-current assets held for sale, net	19	(40,253)	(19,003)
Write-off of VAT recoverable	18, 19	36,250	1,868,327
Others		(52,613)	71,420
Operating cash flows before working capital changes		61,480,830	68,304,708
(Increase)/decrease in operating assets			
Inventories		(1,281,038)	(1,300,224)
Trade and other accounts receivable		(1,289,061)	(3,506,129)
Advances to suppliers		229,552	477,442
VAT recoverable and other prepaid taxes		1,664,041	(1,029,779)
Other current assets		2,980,965	1,866,754
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		(2,870,666)	(2,689,782)
Advances received		(1,287,539)	1,789,285
Other taxes payable		903,782	(600,892)
Other current and non-current liabilities and employee benefit obligations		(9,844,752)	(8,053,415)
Cash generated from operating activities		50,686,114	55,257,968
Income taxes paid		(8,068,541)	(8,096,762)
Interest received		1,417,106	1,140,679
Net cash flows from operating activities		44,034,679	48,301,885

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2021	2020
Cash flows from investing activities			
Withdrawal of bank deposits, net		20,954,666	47,824,419
Purchase of property, plant and equipment and intangible assets		(24,664,920)	(22,260,785)
Payment of contribution liability to charter capital of a joint venture	23	-	(5,000,000)
Proceeds from bonds redemption		156,581	37,958
Proceeds from sale of non-current assets held for sale and property, plant and equipment		51,352	31,279
Net cash flows (used in)/from investing activities		(3,502,321)	20,632,871
Cash flows from financing activities			
Dividends paid	11	(50,770,909)	(45,386,116)
Payment of lease liabilities		(1,480,662)	(1,438,107)
Net cash flows used in financing activities		(52,251,571)	(46,824,223)
Net change in cash and cash equivalents		(11,719,213)	22,110,533
Net foreign exchange difference		219,879	1,959,326
Change in allowance for expected credit losses		(246)	10,850
Cash and cash equivalents at the beginning of the period		52,014,612	28,649,091
Cash and cash equivalents at the end of the period		40,515,032	52,729,800

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General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant

Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 8 through 34 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Foreign currency translation reserve	Other capital reserves	Retained earnings	Total
As at 31 December 2020 (audited)	61,937,567	(9,549)	221,632,815	38,325,342	(5,999,468)	336,631,554	652,518,261
Net profit for the period	-	-	-	-	-	33,853,428	33,853,428
Other comprehensive income	-	-	56,253,299	1,431,842	-	-	57,685,141
Total comprehensive income for the period	-	-	56,253,299	1,431,842	-	33,853,428	91,538,569
Amortization of revaluation reserve for property, plant and equipment	-	-	(9,246,619)	-	-	9,246,619	-
Dividends (Note 11)	-	-	-	-	-	(50,770,909)	(50,770,909)
As at 30 June 2021 (unaudited)	61,937,567	(9,549)	268,639,495	39,757,184	(5,999,468)	328,960,692	693,285,921
As at 31 December 2019 (audited)	61,937,567	(9,549)	299,585,499	37,737,309	(1,893,432)	305,621,572	702,978,966
Net profit for the period	-	-	-	-	-	38,170,485	38,170,485
Other comprehensive (loss)/income	-	-	(57,769,517)	623,123	-	-	(57,146,394)
Total comprehensive (loss)/income for the period	-	-	(57,769,517)	623,123	-	38,170,485	(18,975,909)
Amortization of revaluation reserve for property, plant and equipment	-	-	(10,137,383)	-	-	10,137,383	-
Dividends (Note 11)	-	-	-	-	-	(45,386,116)	(45,386,116)
As at 30 June 2020 (unaudited)	61,937,567	(9,549)	231,678,599	38,360,432	(1,893,432)	308,543,324	638,616,941

Signed and approved for issue on 17 August 2021.

General Director (Chairman of the Management Board)

Chief Accountant



 Dossanov D.G.


 Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 8 through 34 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the six months ended 30 June 2021****1. GENERAL INFORMATION**

On 2 May 2001, the Government of the Republic of Kazakhstan issued a resolution to create a new closed joint stock company National Company “Transportation of Oil and Gas” (hereinafter – “TNG”) owned by the Government. Based on that resolution, the Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan transferred the “KazTransOil” CJSC NOTC shares to TNG, and, as a result, “KazTransOil” CJSC NOTC was re-registered and renamed as “KazTransOil” CJSC.

Under Decree of the President of the Republic of Kazakhstan dated on 20 February 2002, on the basis of closed joint-stock companies, National Oil and Gas Company “Kazakhoil” and National Company “Transport of Oil and Gas”, reorganized by merger, the National Company “KazMunayGas” Closed Joint-Stock Company was created and became the sole shareholder of “KazTransOil” CJSC.

On 31 May 2004, in accordance with the requirements of Kazakhstani legislation, “KazTransOil” CJSC was re-registered as “KazTransOil” JSC (hereinafter – “Company”).

As at 30 June 2021 10% of shares of the Company are owned by minority shareholders who acquired them within the “People’s IPO” program. The major shareholder of the Company, who owns the controlling interest of the Company (90%) is National Company “KazMunayGas” JSC (hereinafter “KMG” or “Parent Company”). 90% of KMG shares are owned by Sovereign Wealth Fund “Samruk-Kazyna” JSC (hereinafter – “Samruk-Kazyna”), controlled by the Government of the Republic of Kazakhstan. 10% of KMG shares are owned by the National Bank of the Republic of Kazakhstan.

As at 30 June 2021 and 31 December 2020 the Company had interest ownership in the following companies:

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

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

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

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

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

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

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

1. GENERAL INFORMATION (continued)

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

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

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

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

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

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

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

These interim condensed consolidated financial statements were approved by Internal Audit Committee of the Company’s Board of Directors and signed by the General Director (Chairman of the Management Board) and the Chief Accountant on 17 August 2021.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND CHANGES IN ACCOUNTING POLICIES**Basis of preparation**

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

New and amended standards and interpretations applied by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component;

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

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

Seasonality of operations

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

Foreign currency translation

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange (hereinafter "KASE") are used as official currency exchange rates in the Republic of Kazakhstan.

Weighted average currency exchange rates for the six months ended 30 June 2021 and 2020 are as follows:

<i>Tenge</i>	For the six months ended 30 June	
	2021	2020
US Dollars	424.22	404.71
Russian Rubles	5.71	5.83
Euro	511.21	445.58
Georgian Lari	128.58	132.40

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

<i>Tenge</i>	30 June 2021	31 December 2020
US Dollars	427.89	420.91
Russian Rubles	5.85	5.62
Euro	508.85	516.79
Georgian Lari	135.84	128.92

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

Property, plant and equipment as at 30 June 2021 and 31 December 2020 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 1 January 2021 (audited)	25,675,555	255,382,248	22,716,444	94,724,034	177,842,763	100,345,811	10,463,016	53,235,624	740,385,495
Foreign currency translation	324,612	-	157,674	385,597	223,329	-	8,412	48,398	1,148,022
Additions	1,523	8,100	-	-	25,280,150	-	337,989	11,681,932	37,309,694
Additions of asset retirement and land reclamation obligation (Note 14)	-	76,957	-	-	-	-	-	-	76,957
Disposals	-	(2,033,222)	(29,725)	(30,318)	(111,201)	-	(118,291)	(9,922)	(2,332,679)
Revaluation (through revaluation reserve)	-	-	-	-	-	68,328,127	-	-	68,328,127
Transfers from construction in progress	-	6,893,407	86,800	2,062,652	20,371,999	-	413,004	(29,827,862)	-
Transfers to non-current assets held for sale	(31,069)	-	-	(13,495)	-	-	-	-	(44,564)
Gross carrying amount as at 30 June 2021 (unaudited)	25,970,621	260,327,490	22,931,193	97,128,470	223,607,040	168,673,938	11,104,130	35,128,170	844,871,052
Accumulated depreciation and impairment as at 1 January 2021 (audited)	-	(19,452,527)	(4,066,407)	(9,257,007)	(35,601,123)	-	(4,494,361)	(34,012)	(72,905,437)
Foreign currency translation	-	-	(43,290)	(25,959)	(46,153)	-	(1,652)	-	(117,054)
Depreciation charge	-	(7,461,604)	(1,512,421)	(3,524,453)	(11,930,054)	-	(1,087,032)	-	(25,515,564)
Disposals	-	665,310	29,725	22,121	104,817	-	113,201	-	935,174
Impairment (through expenses)	-	(832)	-	-	-	-	-	-	(832)
Impairment (through revaluation reserve)	(14,838)	(3,827)	-	-	-	-	-	-	(18,665)
Transfers to non-current assets held for sale	14,838	-	-	7,458	-	-	-	-	22,296
Accumulated depreciation and impairment as at 30 June 2021 (unaudited)	-	(26,253,480)	(5,592,393)	(12,777,840)	(47,472,513)	-	(5,469,844)	(34,012)	(97,600,082)

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

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
As at 30 June 2021 (unaudited)									
Gross carrying amount	25,970,621	260,327,490	22,931,193	97,128,470	223,607,040	168,673,938	11,104,130	35,128,170	844,871,052
Accumulated depreciation and impairment	-	(26,253,480)	(5,592,393)	(12,777,840)	(47,472,513)	-	(5,469,844)	(34,012)	(97,600,082)
Net book value	25,970,621	234,074,010	17,338,800	84,350,630	176,134,527	168,673,938	5,634,286	35,094,158	747,270,970
As at 1 January 2021 (audited)									
Gross carrying amount	25,675,555	255,382,248	22,716,444	94,724,034	177,842,763	100,345,811	10,463,016	53,235,624	740,385,495
Accumulated depreciation and impairment	-	(19,452,527)	(4,066,407)	(9,257,007)	(35,601,123)	-	(4,494,361)	(34,012)	(72,905,437)
Net book value	25,675,555	235,929,721	18,650,037	85,467,027	142,241,640	100,345,811	5,968,655	53,201,612	667,480,058

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 30 June 2021 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);
- Replacement of main waterline on Astrakhan – Mangyshlak section.

As at 30 June 2021:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated property, plant and equipment still in use was 3,444,030 thousand Tenge (as at 31 December 2020: 3,537,132 thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 4,581,321 thousand Tenge (as at 31 December 2020: 3,667,280 thousand Tenge), which were acquired for construction works.

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

Depreciation of property, plant, and equipment for six months ended 30 June 2021, included in the cost of construction in progress amounted to 8,384 thousand Tenge (for six months ended 30 June 2020: 12,750 thousand Tenge).

Due to significant changes in the oil price on domestic market, the fair value of the Group's technological oil for the six months period ended 30 June 2021 was increased for the amount of 68,328,127 thousand Tenge through other comprehensive income (for the six months period ended 30 June 2020 was reduced for the amount of 73,581,718 thousand Tenge through other comprehensive loss). As at 30 June 2021 the average oil price at domestic market was 64,440 Tenge per ton (as at 31 December 2020: 38,336 Tenge per ton), the volume of oil in pipelines, included in property, plant, and equipment, amounted to 2,618 thousand tons (as at 31 December 2020: 2,618 thousand tons).

4. INVESTMENTS IN JOINT VENTURES

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Investments in KCP	42,900,293	36,908,378
Investments in MunaiTas	27,319,121	26,514,437
Total	70,219,414	63,422,815

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

<i>In thousands of Tenge</i>	Total
As at 31 December 2020 (audited)	63,422,815
Share in income of joint ventures	6,407,682
Share in other comprehensive income of joint ventures	388,917
As at 30 June 2021 (unaudited)	70,219,414

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. INVESTMENTS IN JOINT VENTURES (continued)

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Share in income of joint ventures				
KCP	3,426,467	9,677,771	5,631,579	3,264,313
MunaiTas	369,926	3,540	776,103	366,668
Total share in income of joint ventures	3,796,393	9,681,311	6,407,682	3,630,981
Share in other comprehensive income/(loss) of joint ventures				
KCP	(330,615)	894,070	360,336	(121,057)
MunaiTas	(62,566)	175,640	28,581	(30,082)
Total share in other comprehensive income/(loss) of joint ventures	(393,181)	1,069,710	388,917	(151,139)
Total share in comprehensive income of joint ventures	3,403,212	10,751,021	6,796,599	3,479,842

5. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Advances to third parties for property, plant and equipment and construction services	2,759,990	885,818
Less: allowance for impairment	(823,460)	(810,896)
Total	1,936,530	74,922

The increase in advances given is mainly due to prepayment for the capital repair project with the replacement of sections of the Martyshy-Atyrau and Pavlodar-Shymkent main oil pipelines.

6. TRADE AND OTHER ACCOUNTS RECEIVABLE

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Other accounts receivable from third parties	1,244,423	1,146,596
Less: allowance for expected credit losses	(166,054)	(163,195)
Total	1,078,369	983,401

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. TRADE AND OTHER ACCOUNTS RECEIVABLE (continued)

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Trade accounts receivable from third parties	7,396,595	6,871,092
Trade accounts receivable from related parties (Note 23)	2,783,213	1,966,138
Other accounts receivable from third parties	724,753	701,529
Other accounts receivable from related parties (Note 23)	509	509
Less: allowance for expected credit losses	(5,495,145)	(5,272,466)
Total	5,409,925	4,266,802

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Tenge	4,518,304	3,666,155
US Dollars	880,169	591,799
Russian Rubles	3,322	2,113
Other currency	8,130	6,735
Total	5,409,925	4,266,802

7. VAT RECOVERABLE AND OTHER PREPAID TAXES

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Current VAT recoverable	6,011,925	7,465,375
Non-current VAT recoverable	2,494,722	2,047,148
Other taxes prepaid	345,601	548,642
Total	8,852,248	10,061,165

8. OTHER CURRENT ASSETS

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Due for oil transportation coordination services	4,223,270	8,150,231
Prepaid insurance	930,313	70,638
Due from employees	65,595	15,504
Deferred expenses	24,409	31,183
Other	18,222	17,889
Total	5,261,809	8,285,445

The decrease in current assets due for oil transportation coordination services relates to the contraction of oil extraction within OPEC+ and the decrease in its export outside the Republic of Kazakhstan.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. BANK DEPOSITS

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Short-term bank deposits – US Dollar	8,557,800	27,359,150
Long-term bank deposits – Tenge	1,859,829	3,588,695
Accrued interest on deposits – Tenge	51,780	35,293
Accrued interest on deposits – US Dollar	1,712	34,824
Less: allowance for expected credit losses	(20,661)	(105,651)
Total	10,450,460	30,912,311

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

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Short-term bank deposits with maturity over 1 year	8,595,228	27,342,909
Long-term bank deposits with maturity under 1 year	1,855,232	3,569,402
Total	10,450,460	30,912,311

As at 30 June 2021 and 31 December 2020 bank deposits comprised the following:

- US Dollar denominated short-term deposits with maturity from 3 to 12 months, with interest 0.6% per annum (as at 31 December 2020: from 0.5% to 0.55% per annum), maturing in December 2021 (as at 31 December 2020: maturing from January to June 2021);
- Restricted long-term bank deposits with interest from 2% to 3.5% per annum maturing in 2028 and in 2030, respectively (as at 31 December 2020: from 2% to 3.5% per annum maturing in 2028 and in 2030, respectively), arranged for the purpose of preferential lending rates for the Company's employees for the purchase of residential property.

10. CASH AND CASH EQUIVALENTS

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Time deposits with banks – Tenge	19,306,400	34,440,034
Current accounts with banks – US Dollars	10,469,445	6,263,193
Current accounts with banks – Tenge	9,757,789	10,948,018
Current accounts with banks – Russian Ruble	505,666	26,260
Current accounts with banks – Lari	474,102	326,205
Current accounts with banks – Euro	428	8,839
Other current accounts with banks	24,620	25,639
Cash on hand	661	257
Less: allowance for expected credit losses	(24,079)	(23,833)
Total	40,515,032	52,014,612

As at 30 June 2021:

- Current accounts and time deposits with maturity less than 3 months in Tenge placed with Kazakhstani banks carried interest ranging from 6.75% to 8.35% per annum (as at 31 December 2020: from 6.50% to 8.40% per annum);
- Interest for current accounts placed in US Dollars ranged from 0.25% to 3% per annum (as at 31 December 2020: from 0.25% to 4% per annum).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. EQUITY

Asset revaluation reserve

As at 30 June 2021 asset revaluation reserve of the Group was equal to 268,639,495 thousand Tenge (as at 31 December 2020: 221,632,815 thousand Tenge). The change in revaluation reserve is mainly due to revaluation of the technological oil (*Note 3*) and revision of estimates of provision for asset retirement and land recultivation obligation (*Note 14*) with the corresponding effect of income tax expense (*Note 21*), as well as amortization of this reserve for the period.

Dividends

During the six months period ended 30 June 2021 the Company accrued dividends payable based on the decision of the general meeting of shareholders dated 26 May 2021 in the amount of 50,770,909 thousand Tenge based on the results of 2020 (calculated as 132 Tenge per 1 share), from which 45,694,709 thousand Tenge will be paid to KMG (*Note 23*) and 5,076,200 thousand Tenge to minority shareholders.

During the six months period ended 30 June 2020 the Company accrued dividends payable based on the decision of the general meeting of shareholders dated 27 May 2020 in the amount of 45,386,116 thousand Tenge based on the results of 2019 (calculated as 118 Tenge per 1 share), 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 23*) and 4,537,815 thousand Tenge to minority shareholders.

Earnings per share

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

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

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Net profit attributable to ordinary equity holders of the Parent of the Group	17,159,461	24,737,142	33,853,428	38,170,485
Weighted average number of ordinary shares for basic earnings per share	384,628,099	384,628,099	384,628,099	384,628,099
Basic earnings per share, in relation to profit for the period attributable to ordinary equity holders of the Company, as a Parent company of the Group (in Tenge)	45	64	88	99

Book value per ordinary share

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Total assets	913,024,165	859,162,401
Less: intangible assets	(7,103,981)	(7,167,364)
Less: total liabilities	(219,738,244)	(206,644,140)
Net assets for calculation of book value per ordinary share	686,181,940	645,350,897
Number of ordinary shares	384,628,099	384,628,099
Book value per ordinary share (in Tenge)	1,784	1,678

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. CONTRACT LIABILITIES TO CUSTOMERS

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Deferred income from related parties (Note 23)	22,557,871	–
Deferred income from third parties	8,711,399	8,693,200
Total	31,269,270	8,693,200

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Advances received from related parties (Note 23)	10,002,823	13,151,992
Advances received from third parties	7,440,819	7,663,873
Current part of deferred income from related parties (Note 23)	2,082,265	–
Current part of deferred income from third parties	664,462	654,336
Total	20,190,369	21,470,201

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

13. TRADE AND OTHER ACCOUNTS PAYABLE

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Trade accounts payable to third parties for goods and services	7,045,262	20,148,254
Trade accounts payable to related parties for goods and services (Note 23)	1,056,535	1,607,708
Other accounts payable to third parties	634,996	596,774
Total	8,736,793	22,352,736

As at 30 June 2021 trade and other accounts payable included payables to related and third parties for property, plant and equipment and works and services related to the construction-in-progress in the amount of 1,717,207 thousand Tenge (as at 31 December 2020: 14,387,429 thousand Tenge).

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Tenge	7,922,116	21,732,754
US Dollars	420,188	276,413
Euro	11,981	2,525
Russian Rubles	6,392	5,156
Other currency	376,116	335,888
Total	8,736,793	22,352,736

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. PROVISIONS

Short-term provisions

The movement in provisions for the six months ended 30 June 2021 is as follows:

<i>In thousands of Tenge</i>	Tax provisions (BOT)	Other provisions	Total
As at 31 December 2020 (audited)	432,695	836,655	1,269,350
Charge for the period (Note 18)	770,384	-	770,384
Reversal of provision (Note 19)	-	(260,895)	(260,895)
Usage of provision	-	(297,064)	(297,064)
Foreign currency translation	98,990	8,615	107,605
As at 30 June 2021 (unaudited)	1,302,069	287,311	1,589,380

Long-term provisions

Asset retirement and land reclamation obligation

The movement of provision for asset retirement and land reclamation obligation for the three and six months ended 30 June 2021 and 2020 is as follows:

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June	
	2021	2020	2021	2020
At the beginning of the period	30,476,564	32,865,082	33,688,837	27,780,887
Charge for the period through asset (Note 3)	76,957	-	76,957	233,363
Revision of estimates through other comprehensive (income)/loss	1,559,927	(5,221,336)	(1,521,015)	(1,496,432)
Revision of estimates through profit and loss (Note 19)	253,910	(1,167,537)	(400,763)	(525,393)
Reversed through profit and loss (Note 19)	(644,216)	(728,309)	(672,415)	(748,861)
Unwinding of discount (Note 20)	560,593	517,420	1,112,134	1,021,756
At the end of the period (unaudited)	32,283,735	26,265,320	32,283,735	26,265,320

As at 30 June 2021 the Group revised the long-term provisions considering current best estimate, which was based on the discount rate of 6.97% (as at 31 December 2020: 6.71%) and the inflation rate of 5.58% (as at 31 December 2020: 5.54%). As at 31 March 2021 the discount rate and the inflation rate were 7.56% and 5.60% respectively.

15. OTHER CURRENT LIABILITIES

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

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Accounts payable for oil transportation coordination services to related parties (Note 23)	7,963,066	7,701,845
Salaries and other compensations	4,741,353	10,893,589
Accounts payable for oil transportation coordination services to third parties	4,200,673	4,878,213
Accounts payable to pension fund	546,578	952,276
Other accruals	268,179	383,366
Total	17,719,849	24,809,289

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

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

Revenue for the three and six months ended 30 June 2021 and 2020 are as follows:

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

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

<i>In thousands of Tenge</i>	For three months ended 30 June 2020 (unaudited)					For six months ended 30 June 2020 (unaudited)				
	Oil transportation and related services	Oil trans-shipment	Water transportation	Others	Total for segments	Oil transportation and related services	Oil trans-shipment	Water transportation	Others	Total for segments
Crude oil transportation	51,841,096	-	-	-	51,841,096	98,618,112	-	-	-	98,618,112
Pipeline operation and maintenance services	4,427,985	-	-	-	4,427,985	8,449,831	-	-	-	8,449,831
Water transportation	-	-	1,716,333	-	1,716,333	-	-	3,516,044	-	3,516,044
Fees for undelivered oil volumes	442,053	-	-	-	442,053	1,555,893	-	-	-	1,555,893
Seaport services	-	-	-	1,466,420	1,466,420	-	-	-	2,850,758	2,850,758
Oil, oil products and gas transshipment and railway shipment	-	1,347,950	-	-	1,347,950	-	2,698,992	-	-	2,698,992
Oil transportation coordination services	201,545	-	-	-	201,545	362,168	-	-	-	362,168
Others	30,085	-	732	398,188	429,005	60,065	-	1,154	567,803	629,022
Total for segments	56,942,764	1,347,950	1,717,065	1,864,608	61,872,387	109,046,069	2,698,992	3,517,198	3,418,561	118,680,820
Geographic regions of customers										
Kazakhstan	50,279,879	559,890	1,717,065	-	52,556,834	96,498,199	1,455,754	3,517,198	-	101,471,151
Russia	6,662,885	-	-	-	6,662,885	12,547,870	-	-	-	12,547,870
Georgia	-	442,816	-	1,843,159	2,285,975	-	811,033	-	3,397,112	4,208,145
Others	-	345,244	-	21,449	366,693	-	432,205	-	21,449	453,654
Total revenue under contracts with customers	56,942,764	1,347,950	1,717,065	1,864,608	61,872,387	109,046,069	2,698,992	3,517,198	3,418,561	118,680,820
Timing of revenue recognition										
At a point in time	52,514,779	1,347,950	1,717,065	1,864,608	57,444,402	100,596,238	2,698,992	3,517,198	3,418,561	110,230,989
Over time	4,427,985	-	-	-	4,427,985	8,449,831	-	-	-	8,449,831
Total revenue under contracts with customers	56,942,764	1,347,950	1,717,065	1,864,608	61,872,387	109,046,069	2,698,992	3,517,198	3,418,561	118,680,820

For the six months ended 30 June 2021 the revenue from the four major customers amounted to 24,486,474 thousand Tenge, 15,344,926 thousand Tenge, 8,832,127 thousand Tenge and 6,184,366 thousand Tenge, respectively (for the six months ended 30 June 2020 the revenue from the 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, respectively).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. COST OF SALES

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Depreciation and amortization	13,136,235	13,369,814	25,847,236	26,672,170
Personnel costs	11,731,131	11,048,897	24,946,729	24,109,160
Taxes other than income tax	2,271,991	2,201,178	4,366,566	4,574,742
Electric energy	2,124,646	1,809,528	4,073,073	3,550,277
Materials and fuel	2,108,704	1,733,145	3,392,768	2,987,173
Repair and maintenance	1,892,856	1,735,295	3,283,249	3,036,562
Security services	1,478,792	1,419,518	2,951,286	2,844,954
Gas expenses	653,776	605,319	1,763,742	1,578,010
Food and accomodation	511,448	441,341	1,045,820	919,719
Environmental protection	868,849	100,183	920,635	170,803
Railway services	191,658	544,720	848,864	1,240,023
Post-employment benefits	244,001	148,160	486,639	318,053
Insurance	221,484	184,458	354,345	346,691
Business trip expenses	232,415	124,854	350,953	285,748
Outstaffing services	99,683	97,956	235,147	181,456
Communication services	97,645	69,397	193,117	158,852
Transportation services	36,470	63,974	72,938	66,633
Air services	71,154	-	71,154	-
Other	694,721	537,419	1,157,371	893,426
Total	38,667,659	36,235,156	76,361,632	73,934,452

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

18. GENERAL AND ADMINISTRATIVE EXPENSES

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Personnel costs	1,757,327	1,858,925	3,588,357	3,669,269
Charge/(reversal) of tax provision (Note 14)	(76,635)	-	770,384	-
Depreciation and amortization	370,205	406,896	751,946	817,034
Office maintenance	142,225	111,584	286,437	258,754
Taxes other than income tax	80,186	63,582	161,556	127,962
Charge/(reversal) of allowance for expected credit losses on trade receivables, net	(30,349)	(17,951)	149,754	32,300
Consulting services	115,804	76,931	137,440	105,309
Repair and maintenance	72,717	64,565	136,016	130,234
Outstaffing services	61,203	51,904	112,631	101,036
Business trip expenses	47,664	834	69,618	44,130
Information services	34,000	35,198	67,262	68,692
Communication services	30,282	26,576	56,511	54,456
Write-off of VAT recoverable	7,849	21,401	36,250	44,624
Bank costs	15,849	16,976	33,774	34,923
Post-employment benefits	12,725	8,049	25,451	16,098
Insurance and security	14,523	12,703	23,277	21,827
Materials and fuel	14,118	4,458	22,787	29,557
Charity expenses	-	8,784	-	17,402
Other	109,100	74,153	247,847	237,612
Total	2,778,793	2,825,568	6,677,298	5,811,219

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. OTHER OPERATING INCOME AND EXPENSES

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

Other operating income

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Income from reversal and revision of provision estimates on asset retirement and land reclamation obligation, net (Note 14)	390,306	1,895,846	1,073,178	1,274,254
Amortization of deferred income	69,574	67,713	140,153	130,841
Income from fines and penalties	58,242	4,881	135,660	1,391,984
Charge/(reversal) of income from inventory recognition	(603,286)	(20,035)	58,196	(19,690)
Income from disposal of non-current assets held for sale, net	–	–	40,253	19,003
Income from sale of inventories, net	31,982	90,015	36,743	98,655
Other income	50,115	43,267	53,392	48,377
Total	(3,067)	2,081,687	1,537,575	2,943,424

Other operating expenses

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Reversal of short-term provisions (Note 14)	(647,660)	–	(260,895)	–
Loss on disposal of property, plant and equipment and intangible assets, net	51,251	2,514	59,802	31,190
Impairment of non-current assets held for sale	7,942	7,417	7,942	7,417
Loss on VAT write-off on disposed property, plant and equipment	–	–	–	1,823,703
Other expenses	216,166	76,989	228,064	114,049
Total	(372,301)	86,920	34,913	1,976,359

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. FINANCE INCOME AND EXPENSES

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

Finance income

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Interest income on bank deposits and current accounts	867,369	766,262	1,636,037	1,239,345
Income from revision of bond's fair value	30,862	37,499	269,764	126,609
Unwinding of discount on long-term receivables	49,589	48,952	98,951	97,753
Reversal of allowance for expected credit losses on cash and cash equivalents and bank deposits, net	85,666	33,428	85,666	71,057
Other finance income	5,398	37,837	9,757	41,611
Total	1,038,884	923,978	2,100,175	1,576,375

Finance expenses

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Unwinding of discount on asset retirement and land reclamation obligation reserve (Note 14)	560,593	517,420	1,112,134	1,021,756
Interest cost on employee benefit obligations	291,709	295,548	583,421	591,249
Unwinding of discount on lease liabilities	61,758	103,029	145,722	259,427
Reversal of allowance for expected credit losses on cash and cash equivalents and bank deposits, net	(41,382)	-	-	-
Other finance expenses	2,030	-	146,448	-
Total	874,708	915,997	1,987,725	1,872,432

21. INCOME TAX EXPENSE

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Current income tax expense	6,181,970	4,133,195	10,220,658	9,869,449
Adjustments of the past periods	-	-	212,405	69,953
Deferred income tax benefit	(2,275,094)	(370,119)	(2,324,385)	(1,099,576)
Income tax expense	3,906,876	3,763,076	8,108,678	8,839,826

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. INCOME TAX EXPENSE (continued)

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
At the beginning of the period (unaudited)	64,688,612	67,887,034	62,221,923	80,564,703
Charged to other comprehensive loss/(income)	11,450,127	(2,456,257)	13,966,095	(14,404,595)
Charged to profit and loss	(2,275,094)	(370,119)	(2,324,385)	(1,099,576)
Currency translation	10	(85)	22	41
At the end of the period (unaudited)	73,863,655	65,060,573	73,863,655	65,060,573

22. SEGMENT INFORMATION

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

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

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

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

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

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

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

	For the three months ended 30 June 2021 (unaudited)						For the three months ended 30 June 2020 (unaudited)					
	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
Revenue												
External customers	52,915,257	1,434,719	2,186,842	1,951,008	-	58,487,826	56,942,764	1,347,950	1,717,065	1,864,608	-	61,872,387
Intersegmental	204,524	-	19,457	-	(223,981)	-	189,671	-	18,815	-	(208,486)	-
Total revenue	53,119,781	1,434,719	2,206,299	1,951,008	(223,981)	58,487,826	57,132,435	1,347,950	1,735,880	1,864,608	(208,486)	61,872,387
Financial results												
Depreciation and amortization	(11,591,640)	(215,407)	(1,438,912)	(260,481)	-	(13,506,440)	(12,388,524)	(213,912)	(931,596)	(242,678)	-	(13,776,710)
Interest income	666,512	4,727	168,711	27,419	-	867,369	660,799	18,706	52,832	33,925	-	766,262
Share in income of joint ventures	3,796,393	-	-	-	-	3,796,393	9,681,311	-	-	-	-	9,681,311
Income tax (expense)/benefits	(4,127,796)	(35,210)	220,353	19,317	16,460	(3,906,876)	(4,093,486)	-	319,544	-	10,866	(3,763,076)
Segment profit/(loss) for the period	16,308,149	92,809	(1,115,804)	233,507	1,640,800	17,159,461	24,986,364	(118,583)	(734,986)	622,301	(17,954)	24,737,142

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

Information on revenue and profit of the Group's segments for the six months ended 30 June 2020 and 2019 and on assets and liabilities of the Group's segments as at 30 June 2021 and 31 December 2020:

	For the six months ended 30 June 2021 (unaudited)					For the six months ended 30 June 2020 (unaudited)						
	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
Revenue												
External customers	105,819,888	3,350,066	3,849,352	3,784,466	-	116,803,772	109,046,069	2,698,992	3,517,198	3,418,561	-	118,680,820
Intersegmental	419,323	-	41,530	-	(460,853)	-	381,446	-	40,281	-	(421,727)	-
Total revenue	106,239,211	3,350,066	3,890,882	3,784,466	(460,853)	116,803,772	109,427,515	2,698,992	3,557,479	3,418,561	(421,727)	118,680,820
Financial results												
Depreciation and amortization	(23,158,229)	(414,039)	(2,515,729)	(511,185)	-	(26,599,182)	(24,727,080)	(416,039)	(1,863,675)	(482,410)	-	(27,489,204)
Interest income	1,209,166	10,606	362,390	53,875	-	1,636,037	1,037,177	33,591	100,180	68,397	-	1,239,345
Share in income of joint ventures	6,407,682	-	-	-	-	6,407,682	3,630,981	-	-	-	-	3,630,981
Income tax (expense)/benefits	(8,471,368)	(35,210)	371,870	-	26,030	(8,108,678)	(9,250,779)	-	407,293	-	3,660	(8,839,826)
Segment profit/(loss) for the period	33,339,228	(499,728)	(1,703,990)	1,105,093	1,612,825	33,853,428	38,623,851	(545,950)	(1,204,335)	1,423,761	(126,842)	38,170,485

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

	As at 30 June 2021 (unaudited)					As at 31 December 2020 (unaudited)						
	Oil transportation and related services (Kazakhstan)	Oil trans-shipment (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil trans-shipment (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
Other disclosures												
Total assets	844,169,373	38,060,388	84,597,341	19,994,872	(73,797,809)	913,024,165	817,286,113	38,864,304	59,337,371	16,914,690	(73,240,077)	859,162,401
Total liabilities	176,791,282	6,990,438	27,354,327	12,708,761	(4,106,564)	219,738,244	188,729,640	8,339,490	1,586,193	11,120,863	(3,132,046)	206,644,140
Investments in joint ventures (Note 4)	70,219,414	-	-	-	-	70,219,414	63,422,815	-	-	-	-	63,422,815
Capital expenditures	7,994,479	472,157	28,472,253	403,857	(32,985)	37,309,761	47,033,059	1,088,228	1,031,386	709,084	(115,009)	49,746,748
Property, plant and equipment	7,994,412	472,157	28,472,253	403,857	(32,985)	37,309,694	47,027,731	1,076,238	1,019,470	702,469	(114,810)	49,711,098
Intangible assets	67	-	-	-	-	67	5,328	11,990	11,916	6,615	(199)	35,650

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS

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

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

The following tables provide the total amount of transactions, which have been entered into with related parties during the three and six months ended 30 June 2021 and 2020 and also the related balances as at 30 June 2021 and 31 December 2020.

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

<i>In thousands of Tenge</i>	Notes	30 June 2021 (unaudited)	31 December 2020 (audited)
Trade and other accounts receivable from related parties			
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		963,440	460,816
Trade accounts receivable from joint ventures of the Company		954,517	969,932
Trade accounts receivable from entities under common control of KMG		865,256	535,390
Total trade accounts receivable from related parties	6	2,783,213	1,966,138
Other accounts receivable from entities under common control of KMG and Samruk-Kazyna Group	6	509	509
Total other accounts receivable from related parties		509	509
Less: allowance for expected credit losses		(6,186)	(5,055)
Total trade and other accounts receivable from related parties		2,777,536	1,961,592

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Advances paid to related parties		
Advances paid to entities under common control of Samruk-Kazyna Group	46,718	1,104
Advances paid to entities under common control of KMG	484	394,336
Total advances paid to related parties	47,202	395,440

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS (continued)

Contract liabilities to customers to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2021 (unaudited)	31 December 2020 (audited)
Contract liabilities to customers to related parties			
Non-current part of deferred income under contracts with entities under common control of KMG		22,557,871	-
Total non-current contract liabilities to customers to related parties	12	22,557,871	-
Advances received from entities under common control of KMG		9,777,360	12,896,046
Advances received from entities under common control of Samruk-Kazyna Group		225,463	255,946
Current part of deferred income under contracts with entities under common control of KMG		2,082,265	
Total current contract liabilities to customers to related parties	12	12,085,088	13,151,992
Total contract liabilities to customers to related parties		34,642,959	13,151,992

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

<i>In thousands of Tenge</i>	Notes	30 June 2021 (unaudited)	31 December 2020 (audited)
Trade accounts payable to related parties for goods and services			
Trade accounts payable to entities under common control of KMG		820,274	507,202
Trade accounts payable to entities under common control of Samruk-Kazyna Group		228,451	1,087,746
Trade accounts payable to joint ventures of the Company		7,810	12,760
Total trade accounts payable to related parties for goods and services	13	1,056,535	1,607,708

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2021 (unaudited)	31 December 2020 (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		7,963,066	7,701,845
Total accounts payable for oil transportation coordination services to related parties	15	7,963,066	7,701,845
Employee benefits obligation of key management personnel			
Employee benefits obligation of key management personnel		68,379	62,412
Total employee benefits obligation of key management personnel		68,379	62,412
Total other current liabilities to related parties		8,031,445	7,764,257

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS (continued)

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Sales to related parties				
Revenue from main activities with entities under common control of KMG	29,853,876	32,008,655	59,941,064	62,974,881
Revenue from main activities with joint ventures of the Company	2,565,002	2,680,043	5,133,359	5,038,445
Revenue from main activities with entities under common control of Samruk-Kazyna Group	1,924,748	1,958,468	3,853,343	3,745,850
Revenue from other activities with entities under common control of Samruk-Kazyna Group	21,952	158	22,111	19,274
Revenue from other activities with entities under common control of KMG	1,435	923	1,435	65,055
Total	34,367,013	36,648,247	68,951,312	71,843,505

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

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

<i>In thousands of Tenge</i>	Notes	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
		2021	2020	2021	2020
Purchases from related parties					
Purchases of services from entities under common control of KMG		1,456,084	1,321,146	3,056,291	2,844,850
Purchases of property, plant and equipment and intangible assets from entities under common control of Samruk-Kazyna Group		–	587,276	–	993,973
Purchases of services from entities under common control of Samruk-Kazyna Group		438,962	437,345	909,499	898,023
Purchases of services from joint ventures of the Company		41,839	32,136	41,839	51,392
Purchases of inventory entities under common control of Samruk-Kazyna Group		46	90	146	90
Purchases of inventory from entities under common control of KMG		41	76	82	76
Other additions of property, plant and equipment (non-monetary reimbursement of services) from entities under common control of KMG	3	24,987,180	–	24,987,180	–
Total		26,924,152	2,378,069	28,995,037	4,788,404

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS (continued)

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

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2021	2020
Cash flows to related parties			
Dividends paid to the KMG	11	45,694,709	40,848,301
Repayment of contribution liability to charter capital of MunaiTas		-	5,000,000
Total		45,694,709	45,848,301

During six months period ended 30 June 2020 the Company repaid the liability on a contribution to charter capital of MunaiTas amounting 5,000,000 thousand Tenge, which was recognized as at 31 December 2019.

Total accrued compensation to key management personnel for the six months ended 30 June 2021 amounts to 164,831 thousand Tenge (for the six months ended 30 June 2020: 172,191 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal provisions.

24. CONTINGENT LIABILITIES AND COMMITMENTS

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

Contractual commitments to acquire property, plant and equipment

As at 30 June 2021 the Group had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 47,005,184 thousand Tenge (31 December 2020: 42,183,935 thousand Tenge). These contractual obligations are part of investment program.

Share of the Group as at 30 June 2021 in contractual obligations of joint ventures to acquire property, plant and equipment, and construction services amounted to 1,561,179 thousand Tenge (31 December 2020: 2,901,809 thousand Tenge).

Investment program commitments of the Company

In November 2020, by a joint order of the Ministry of Energy of the Republic of Kazakhstan and the CRNM, an investment program for the period of 2021-2025 was approved, according to which the Company has the obligation to fulfill during the period from 2021 to 2025 in the amount of 214 billion Tenge. As at 30 June 2021, the balance of obligation under the investment program to be fulfilled was 210.6 billion Tenge.

Investment program commitments of joint venture

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

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

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

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

24. CONTINGENT LIABILITIES AND COMMITMENTS (continued)**Tax liabilities of enterprises in Georgia**

In 2015 Georgian Tax Authorities (hereinafter – “GTA”) additionally accrued taxes and fines in the amount of 7,289 thousand Georgian Lari (equivalent to 990,138 thousand Tenge) as a result of tax inspections of BSP for the period of 2010-2014. As a result of appeals of the GTA’s decisions to the authorised bodies of the Revenue Service of Georgia, carried out in the period from 2015 to 2020, the amount of additional taxes and fines assessed was reduced and as of 30 June 2021 amounted to 5,915 thousand Georgian Lari (equivalent to 803,494 thousand Tenge).

The management of BOT Group, based on an analysis of local tax legislation and current practice on similar tax proceedings, at the end of 2016 recognized tax liabilities in the amount of 2,296 thousand Georgian Lari (equivalent to 311,889 thousand Tenge) and accrued provisions for taxes in the amount of 1,340 thousand Georgian Lari (equivalent to 182,026 thousand Tenge). The remaining amount of 3,619 thousand Georgian Lari (equivalent to 491,605 thousand Tenge) was not recognized as additional liabilities, since the management believes that BSP’s appeal will be successful and estimates the possibility of an outflow of financial resources in this regard as being remote.

As at 30 June 2021 the appeal on this issue was in the Kutaisi city court. On 2 August 2021, the Kutaisi city court did not satisfy the claim of BSP and kept the tax accrual in force. BSP intends to appeal against this decision in the prescribed manner.

The limitation on the disposition of the property of BOT

On 3 February 2021 BOT received a notification from the Audit Department of the Revenue Service of the Ministry of Finance of Georgia (hereinafter – “Revenue Service of Georgia”) regarding the start of the inspection of BOT’s activities. In the result of the inspection, a violation of customs clearance procedures on transshipment of oil products was revealed. In accordance with the protocols and requirements of the Customs Department of the Revenue Service of Georgia dated 5 February 2021, fines and taxes were imposed on BOT in the amount of 4 million Lari (equivalent to 543 million Tenge). The Group accrued a provision on the amount of taxes and penalties in the consolidated financial statements for 2020. Taking into consideration the revision of estimates, the amount of the provision for taxes and fines as at 30 June 2021 was equal to 2 million Lari (equivalent to 272 million Tenge).

On 4 March 2021, the acts of tax offense and tax claims were appealed to the Revenue Service of Georgia. On 31 March 2021, the Revenue Service of Georgia rejected the complaint of BOT dated 4 March 2021. On 16 April 2021 BOT appealed to the Dispute Resolution Council of the Ministry of Finance of Georgia against the decision of the Revenue Service of Georgia dated 31 March 2021 on the rejection of the complaint of BOT. In connection with the imposed taxes and fines, the notification of the Revenue Service of Georgia dated 9 February 2021 a tax lien/mortgage right arose on all types of BOT property.

At the same time, on 15 March 2021 BOT received the ruling from Tbilisi city court dated 3 March 2021, according to which due to the measures taken by the investigative bodies of the Ministry of Finance of Georgia on the violation of customs procedures related to the movement of goods across the customs border of Georgia, pending the completion of the investigation, an arrest was imposed on movable and immovable property of BOT with a book value of 48,225 thousand US Dollars (equivalent to 20,635 million Tenge). This arrest implies a ban on the disposition of the BOT property, while the right to use this property is not limited.

On 17 March 2021, BOT appealed against the court ruling on the arrest of the BOT property. On 1 April 2021, according to the ruling of Tbilisi court of appeal, the complaint of BOT against the decision of Tbilisi city court on the arrest of the property of the BOT was rejected.

As at the current date, the audit of BOT activities by the state bodies of Georgia has not been completed.

Claim of business counterparty to BOT

On 5 February 2021, BOT received a claim from one of the business counterparties on compensation of unearned revenue for the amount 12.5 million US Dollars (equivalent to 5,349 million Tenge), as well as establishing fixed tariffs for transshipment, without the right to change them unilaterally. Earlier, in 2014 BOT and a business counterparty concluded construction agreements, according to which the business counterparty acquired the right to build tanks on the territory of BOT and for BOT services for cargo transshipment. According to the business counterparty, BOT does not comply with the terms of these agreements, in connection with which it initiated the specified claims.

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

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

On 11 February 2021 BOT received Batumi city court ruling dated 27 January 2021 according to which as a security for this claim, a ban was imposed on the alienation and mortgage encumbrance on a land plot in Batumi with a carrying amount of 3.5 million US Dollars (equivalent to 1,498 million Tenge). BOT did not recognize the claims of the business counterparty and on 12 February 2021 appealed to the court of appeal against the specified-above court ruling and submitted a response to the claim of the business counterparty. According to the decision of the Kutaisi court of appeal dated 16 April 2021, the complaint of BOT related to the appeal against the ruling of the Batumi city court dated 27 January 2021 was rejected.

According to the decision dated 16 July 2021, Batumi city court satisfied the claims of business counterparty in full. The court decision has not entered into legal force. BOT intends to appeal against this decision in the court of appeal.

Termination of the BSP Management agreement

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

According to the Group's management, as at 30 June 2021, BSP was not exposed to the risk of termination of this Agreement by the Government of Georgia, as the actual transshipment through BSP for six months of 2021 amounted to 3 million tons (as at 31 December 2020: 5.9 million tons).

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Fair value of financial instruments

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

26. SUBSEQUENT EVENTS

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