

Joint Stock Company “National Company “KazMunayGas”

Interim condensed consolidated financial statements (unaudited)

For the three and six months ended June 30, 2022

CONTENTS

Report on review of interim condensed consolidated financial statements

Interim condensed consolidated financial statements (unaudited)

Interim consolidated statement of comprehensive income	1-2
Interim consolidated statement of financial position	3-4
Interim consolidated statement of cash flows	5-6
Interim consolidated statement of changes in equity	7-8
Notes to the interim condensed consolidated financial statements (unaudited).....	9-37

Report on Review of Interim Financial Information

To the Shareholders, Board of Directors and Management of JSC “National Company
“KazMunayGas”

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC “National Company “KazMunayGas” and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2022, the interim consolidated statement of comprehensive income for the three and 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 of JSC "National Company "KazMunayGas" is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP



Kairat Medetbayev
Auditor

Auditor qualification certificate
No. МФ-0000137 dated 8 February 2013

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

12 August 2022



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 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		For the three months ended June 30,		For the six months ended June 30,	
		2021	2021	2021	2021
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>In millions of tenge</i>	Note	(unaudited)	(restated)*	(unaudited)	(restated)*
Continuing operations					
Revenue and other income					
Revenue from contracts with customers	6	2,245,997	1,479,584	4,203,150	2,672,028
Share in profit of joint ventures and associates, net	7	326,712	182,046	643,548	324,165
Finance income	13	30,583	18,635	52,902	34,645
Gain on sale of joint venture		—	2,674	—	2,674
Other operating income		2,894	4,164	10,038	14,381
Total revenue and other income		2,606,186	1,687,103	4,909,638	3,047,893
Costs and expenses					
Cost of purchased oil, gas, petroleum products and other materials	8	(1,352,276)	(892,958)	(2,817,958)	(1,621,125)
Production expenses	9	(291,809)	(169,022)	(482,206)	(312,816)
Taxes other than income tax	10	(181,496)	(101,906)	(291,171)	(189,918)
Depreciation, depletion and amortization		(80,182)	(80,974)	(163,416)	(160,082)
Transportation and selling expenses	11	(38,243)	(35,043)	(69,811)	(65,552)
General and administrative expenses	12	(34,179)	(31,234)	(66,793)	(57,079)
Reversal of impairment/(impairment) of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale		677	(3,764)	630	(3,758)
Exploration expenses		—	—	—	(19,800)
Finance costs	13	(69,658)	(57,606)	(153,361)	(115,824)
Foreign exchange (loss)/gain, net	2	(109,494)	1,138	(39,920)	3,780
Loss on disposal of subsidiaries		—	(1,351)	—	(1,351)
Other expenses		(8,040)	(3,233)	(14,072)	(8,595)
Total costs and expenses		(2,164,700)	(1,375,953)	(4,098,078)	(2,552,120)
Profit before income tax		441,486	311,150	811,560	495,773
Income tax expenses	14	(51,957)	(63,761)	(134,600)	(106,085)
Profit for the period from continuing operations		389,529	247,389	676,960	389,688
Discontinued operations					
Profit after income tax for the period from discontinued operations	4	—	110,924	—	254,745
Net profit for the period		389,529	358,313	676,960	644,433

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	For the three months ended June 30,		For the six months ended June 30,		
	2022	2021	2022	2021	
	(unaudited)	(unaudited) (restated)*	(unaudited)	(unaudited) (restated)*	
<i>In millions of tenge</i>	Note				
Other comprehensive income/(loss)					
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</i>					
Hedging effect		(28,653)	655	(37,120)	(583)
Exchange differences on translation of foreign operations		61,015	35,368	474,367	80,777
Tax effect		(5,875)	(3,101)	(43,693)	(7,221)
Net other comprehensive income to be reclassified to profit or loss in the subsequent periods, net of tax		26,487	32,922	393,554	72,973
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain on defined benefit plans of the Group, net of tax		1,642	–	1,642	–
Actuarial (loss)/gain on defined benefit plans of the joint ventures, net of tax		(15)	84	116	137
Net other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax		1,627	84	1,758	137
Net other comprehensive income for the period, net of tax		28,114	33,006	395,312	73,110
Total comprehensive income for the period, net of tax		417,643	391,319	1,072,272	717,543
Net profit for the period attributable to:					
Equity holders of the Parent Company		344,301	357,156	656,162	643,859
Non-controlling interests		45,228	1,157	20,798	574
		389,529	358,313	676,960	644,433
Total comprehensive income attributable to:					
Equity holders of the Parent Company		372,330	389,978	1,051,070	716,797
Non-controlling interests		45,313	1,341	21,202	746
		417,643	391,319	1,072,272	717,543
Earnings per share** – tenge thousands					
Basic and diluted		0.64	0.59	1.11	1.06
Basic and diluted, from continuing operations		0.64	0.41	1.11	0.64
Basic and diluted, from discontinued operations		–	0.18	–	0.42

* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three and six months ended June 30, 2021 and reflect adjustments made, refer to Note 4

** The number of ordinary shares as of June 30, 2022 and 2021 equaled to 610,119,493.

Deputy Chairman of the Management Board for Economy and Finance

Chief accountant


D.S. Karabayev

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

<i>In millions of tenge</i>	Note	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Assets			
Non-current assets			
Property, plant and equipment	15	3,496,920	3,405,980
Right-of-use assets		48,370	40,551
Exploration and evaluation assets		46,356	43,541
Investment property		17,995	19,711
Intangible assets		186,219	182,222
Long-term bank deposits	16	60,433	56,058
Investments in joint ventures and associates	17	7,564,841	6,550,384
VAT receivable		12,087	11,972
Advances for non-current assets		48,553	40,845
Loans and receivables due from related parties		145,698	142,394
Other non-current financial assets		11,633	13,248
Other non-current non-financial assets		4,762	4,784
Deferred income tax assets		61,037	34,035
		11,704,904	10,545,725
Current assets			
Inventories		348,317	259,497
VAT receivable		21,413	24,845
Income tax prepaid		18,731	24,900
Trade accounts receivable	18	833,841	418,255
Short-term bank deposits	16	609,447	510,513
Loans and receivables due from related parties		449,353	485,765
Other current financial assets	18	159,391	329,503
Other current non-financial assets	18	91,347	76,614
Cash and cash equivalents	19	973,258	975,849
		3,505,098	3,105,741
Assets classified as held for sale		386	795
		3,505,484	3,106,536
Total assets		15,210,388	13,652,261

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In millions of tenge</i>	Note	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Equity and liabilities			
Equity			
Share capital		916,541	916,541
Additional paid-in capital		1,142	1,142
Other capital reserves		(27,007)	10,113
Currency translation reserve		2,690,703	2,260,533
Retained earnings		5,414,887	5,059,634
Attributable to equity holders of the Parent Company		8,996,266	8,247,963
Non-controlling interests		(70,007)	(89,282)
Total equity		8,926,259	8,158,681
Non-current liabilities			
Borrowings	20	3,578,712	3,261,347
Provisions		226,274	222,936
Lease liabilities		40,801	36,106
Other non-current financial liabilities	21	15,666	15,915
Other non-current non-financial liabilities	21	37,560	39,229
Deferred income tax liabilities		660,036	545,763
		4,559,049	4,121,296
Current liabilities			
Borrowings	20	355,985	484,980
Provisions		19,377	22,309
Income tax payable		27,332	6,882
Trade accounts payable	21	870,116	519,201
Other taxes payable		186,443	126,424
Lease liabilities		9,931	8,988
Other current financial liabilities	21	112,762	69,231
Other current non-financial liabilities	21	143,134	134,269
		1,725,080	1,372,284
Total liabilities		6,284,129	5,493,580
Total equity and liabilities		15,210,388	13,652,261
Book value per ordinary share* – tenge thousands		14.325	13.074

*The number of ordinary shares as of June 30, 2022 and December 31, 2021 equaled to 610,119,493. Presentation of Book value per ordinary share is a non-IFRS measure required by KASE.

Deputy Chairman of the Management Board for Economy and Finance

Chief accountant


D.S. Karabayev


A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**For the six months ended 30 June 2022**

<i>In millions of tenge</i>	Note	For the six months ended June 30,	
		2022	2021
		(unaudited)	(unaudited) (restated)*
Cash flows from operating activities			
Profit before income tax from continuing operations		811,560	495,773
Profit before income tax from discontinued operations		–	277,857
Profit before income tax		811,560	773,630
<i>Adjustments:</i>			
Depreciation, depletion and amortization		163,416	160,082
Depreciation, depletion and amortization from discontinued operations	4	–	37,312
(Reversal of impairment)/impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale		(630)	3,774
Exploration expenses		–	19,800
Realized losses from derivatives on petroleum products	9	78,908	7,879
Finance income	13	(52,902)	(34,645)
Finance income from discontinued operations	4	–	(11,442)
Finance costs	13	153,361	115,824
Finance costs from discontinued operations	4	–	21,365
Loss on disposal of subsidiaries		–	1,351
Gain on sale of joint venture		–	(2,674)
Share in profit of joint ventures and associates, net	7	(643,548)	(324,165)
Share in profit of joint ventures and associates from discontinued operations, net	4	–	(157,059)
Movements in provisions		20,193	(6,270)
Net foreign exchange loss		61,439	1,987
Write off of inventories to net realizable value		8,976	3,377
Loss/(gain) on disposal of property, plant and equipment, intangible assets, investment property and assets held for sale, net		793	(5,222)
Other adjustments		2,844	6,039
Operating profit before working capital changes		604,410	610,943
Change in VAT receivable		3,302	60,957
Change in inventory		(127,205)	(29,602)
Change in trade accounts receivable and other current assets		(420,697)	(135,047)
Change in trade and other payables and contract liabilities		277,454	(29,396)
Change in other taxes payable		41,657	(5,080)
Cash generated from operations		378,921	472,775
Dividends received from joint ventures and associates	17	123,038	121,620
Income taxes paid		(55,362)	(31,202)
Interest received		17,168	18,837
Interest paid		(109,610)	(138,286)
Net cash flow from operating activities		354,155	443,744

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

		For the six months ended June 30,	
		2022	2021
<i>In millions of tenge</i>	Note	(unaudited)	(unaudited) (restated)*
Cash flows from investing activities			
Placement of bank deposits		(503,950)	(228,441)
Withdrawal of bank deposits		454,519	266,209
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		(166,392)	(153,077)
Proceeds from sale of property, plant and equipment, exploration and evaluation assets and assets held for sale		1,382	68,759
Additional contributions to joint ventures without changes in ownership	17	(67)	(1,926)
Proceeds from disposal of subsidiaries, net of cash disposed		–	728
Loans given to related parties		(33,156)	(24,268)
Repayment of loans due from related parties		12,958	12,282
Other		(793)	73
Net cash flows used in investing activities		(235,499)	(59,661)
Cash flows from financing activities			
Proceeds from borrowings	20	108,460	165,933
Repayment of borrowings	20	(75,088)	(167,820)
Dividends paid to Samruk-Kazyna and National Bank of RK	22	(199,997)	(45,212)
Dividends paid to non-controlling interests		(1,003)	(5,078)
Distributions to Samruk-Kazyna		(1,762)	(600)
Reservation of cash for payment of borrowings	20	–	(32,799)
Repayment of principal of lease liabilities		(7,113)	(12,142)
Net cash flows used in financing activities		(176,503)	(97,718)
Effects of exchange rate changes on cash and cash equivalents		55,128	12,807
Change in allowance for expected credit losses		128	(92)
Net change in cash and cash equivalents		(2,591)	299,080
Cash and cash equivalents, at the beginning of the period		975,849	1,145,864
Cash and cash equivalents, at the end of the period		973,258	1,444,944


* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three and six months ended June 30, 2021 and reflect adjustments made, refer to Note 4.

NON-CASH TRANSACTIONS

In June and November 2021, the Group made reservation of cash in amount of 292,258 million tenge for repayment of loan from The Export-Import Bank of China, including interest accrued. The loan was repaid in July 2021 for 32,799 million tenge and in January 2022 for 259,459 million tenge (Note 18 and 20). Repayment of the loan was treated as non-cash transaction.

Deputy Chairman of the Management Board for Economy and Finance

Chief accountant

D.S. Karabayev

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated financial statements (unaudited)

Interim condensed consolidated financial statements (unaudited)

Interim condensed consolidated financial statements (unaudited)

7

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<i>In millions of tenge</i>	Attributable to equity holders of the Parent Company					Non-controlling interests	Total
	Share capital	Additional paid-in capital	Other capital reserves	Currency translation reserve	Retained earnings		
As at December 31, 2021 (audited)	916,541	1,142	10,113	2,260,533	5,059,634	(89,282)	8,158,681
Net profit for the period	-	-	-	-	656,162	20,798	676,960
Other comprehensive income/(loss)	-	-	(37,120)	430,170	1,858	404	395,312
Total comprehensive income/(loss)	-	-	(37,120)	430,170	658,020	21,202	1,072,272
Acquisition of a joint venture (Note 5)	-	-	-	-	(91,175)	-	(91,175)
Dividends (Note 22)	-	-	-	-	(199,997)	(1,927)	(201,924)
Distributions to Samruk-Kazyna (Note 22)	-	-	-	-	(9,690)	-	(9,690)
Transactions with Samruk-Kazyna	-	-	-	-	(1,905)	-	(1,905)
As at June 30, 2022 (unaudited)	916,541	1,142	(27,007)	2,690,703	5,414,887	(70,007)	8,926,259

Deputy Chairman of the Management Board for Economy and Finance

Chief accountant




D.S. Karabayev



A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)****For the three and six months ended June 30, 2022**

1. GENERAL

Joint stock company “National Company “KazMunayGas” (further the Company, JSC NC “KazMunayGas” or Parent Company) is oil and gas enterprise of the Republic of Kazakhstan (further RK), which was established on February 27, 2002 as a closed joint stock company pursuant to the Decree No. 811 of the President of the RK dated February 20, 2002 and the resolution of the Government of the RK (further the Government) No. 248 dated February 25, 2002. The Company was formed as a result of the merger of closed joint stock companies “National Oil and Gas Company Kazakhoil” and “National Company Transport Nefti i Gaza”. As the result of the merger, all assets and liabilities, including ownership interest in all entities owned by these companies, have been transferred to the Company. The Company was reregistered as a joint stock company in accordance with the legislation of the RK in March 2004.

Starting from June 8, 2006, the sole shareholder of the Company was joint stock company “Kazakhstan Holding Company for State Assets Management “Samruk”, which in October 2008 was merged with the state owned Sustainable Development Fund “Kazyna” and formed joint stock company “National Welfare Fund Samruk-Kazyna”, now renamed to joint stock company “Sovereign Wealth Fund Samruk-Kazyna” (further Samruk-Kazyna). The Government is the sole shareholder of Samruk-Kazyna. On August 7, 2015, the National Bank of RK purchased 9.58% plus one share of the Company from Samruk-Kazyna.

As at June 30, 2022, the Company has interest in 60 operating companies (as of December 31, 2021: 60) (jointly “the Group”).

The Company has its registered office in the RK, Nur-Sultan, Dinmukhamed Kunayev, 8.

The principal activity of the Group includes, but is not limited, to the following:

- Participation in the development and implementation of the uniform public policy in the oil and gas sector;
- Representation of the state interests in subsoil use contracts through interest participation in those contracts; and
- Corporate governance and monitoring of exploration, development, production, oil servicing, processing, petrochemistry, transportation and sale of hydrocarbons and the designing, construction and maintenance of oil pipeline and field infrastructure.

The interim condensed consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries.

These interim condensed consolidated financial statements of the Group were approved for issue by the Deputy Chairman of the Management Board for Economy and Finance and the Chief accountant on August 12, 2022.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three and six months ended June 30, 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2021.

Foreign currency translation*Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities included in these interim condensed consolidated financial statements are measured using the currency of the primary economic environment in which the entities operate (further the functional currency). The interim condensed consolidated financial statements are presented in Kazakhstan tenge (further tenge or KZT), which is the Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

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

2. BASIS OF PREPARATION (continued)**Foreign currency translation (continued)***Transactions and balances (continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Group Companies

The results and financial position of all of the Group's subsidiaries, joint ventures and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- All resulting exchange differences are recognized as a separate component of other comprehensive income.

Exchange rates

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange (further KASE) are used as official currency exchange rates in the RK. The currency exchange rate of KASE as at June 30, 2022 and December 31, 2021 were 470.34 and 431.80 tenge to 1 United States dollar (further US dollar), respectively. These rates were used to translate monetary assets and liabilities denominated in US dollar as at June 30, 2022 and December 31, 2021. The weighted average rate for six months ended June 30, 2022 was 450.06 tenge to 1 US dollar (for the six months ended June 30, 2021: 424.22 tenge to 1 US dollar). The currency exchange rate of KASE as at August 12, 2022 was 476.01 tenge to 1 US dollar. For the six months ended June 30, 2022, the Group had net foreign exchange loss of KZT 39,920 million due to fluctuations in foreign exchange rates to tenge.

Renegotiation of loans in the context of IBOR reform

In the context of IBOR reform, some financial instruments have already been amended or will be amended as they transition from IBORs to risk free rates (further RFR). In addition to the interest rate of a financial instrument changing, there may be other changes made to the terms of the financial instrument at the time of transition. For financial instruments measured at amortised cost, the Group first applies 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.

Second, for any changes not covered by the practical expedient, the Group applies judgement to assess whether the changes are substantial and if they are, the financial instrument is derecognized and a new financial instrument is recognized. If the changes are not substantial, the Group adjusts the gross carrying amount of the financial instrument by the present value of the changes not covered by the practical expedient, discounted using the revised effective interest rate.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Business combinations and goodwill***Acquisition of joint ventures and associates from parties under common control*

Acquisition of joint ventures and associates from parties under common control are accounted for using the pooling of interest method.

The Group's share in the assets and liabilities of the joint ventures and associates transferred under common control is recorded in the consolidated financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. Any difference between the Group's share in the total book value of net assets, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to equity.

Changes in accounting policies and disclosures*New and amended standards and interpretations*

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 December 31, 2021, except for the adoption of new standards and interpretations effective as of January 1, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The Group presented only the list of standards effective and applicable for the Group.

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

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no onerous contracts identified.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

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

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

4. DISCONTINUED OPERATIONS IN COMPARATIVE PERIOD

On November 8, 2021, the Company classified its subsidiary KazTransGas JSC (further KTG) as disposal group held for sale. On November 9, 2021, the Company transferred to Samruk-Kazyna 100% shares of KTG for 1 tenge. Accordingly, in the consolidated financial statements of the Group for the year ended 31 December 2021, KTG was classified as a discontinued operation.

In order to reflect effect of such classification in these interim consolidated financial statements, the Group restated retrospectively the interim consolidated statement of comprehensive income and the interim consolidated statement of cashflows, as well as the related notes to the interim condensed consolidated financial statements for the three and six months ended June 30, 2021.

The business of KTG represented the entirety of the Group's *Gas trading and transportation* segment. With KTG being classified as discontinued operation, the *Gas trading and transportation* segment is no longer presented in the segment note, including the comparative period.

The results of KTG for the three and six months ended June 30, 2021 are presented below:

<i>In millions of tenge</i>	For the three months ended June 30, 2021	For the six months ended June 30, 2021
Revenue	209,084	450,091
Share in profit of joint ventures, net	81,452	157,059
Finance income	5,904	11,442
Other operating income	15,058	16,765
Total revenue and other income from discontinued operations	311,498	635,357
Cost of purchased gas and other materials	(48,978)	(67,853)
Production expenses	(17,524)	(37,961)
Taxes other than income tax	(3,695)	(7,355)
Depreciation, depletion and amortization	(18,317)	(37,312)
Transportation and selling expenses	(76,486)	(168,646)
General and administrative expenses	(5,901)	(11,665)
Finance costs	(11,564)	(21,365)
Foreign exchange loss, net	(5,422)	(4,438)
Other expenses	(512)	(905)
Total expenses from discontinued operations	(188,399)	(357,500)
Profit before income tax from discontinued operations	123,099	277,857
Income tax expenses	(12,175)	(23,112)
Profit for the period from discontinued operations	110,924	254,745

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

4. DISCONTINUED OPERATIONS IN COMPARATIVE PERIOD (continued)

The net cash flows incurred by KTG for the six months ended June 30, 2021 were as follows:

<i>In millions of tenge</i>	For the six months ended June 30, 2021
Operating	158,282
Investing	65,604
Financing	(13,628)
Net increase in cash and cash equivalents	210,729

5. ACQUISITION OF JOINT VENTURE UNDER COMMON CONTROL

On June 13, 2022, Samruk-Kazyna transferred 49.50% of the shares Kazakhstan Petrochemical Industries Inc. LLP (further KPI) to the Company. The cost of the acquisition was 91,175 million tenge. KPI is engaged in the implementation of the investment project “Construction of the first integrated petrochemical complex in Atyrau region”.

49.50% interests in KPI was accounted for as an acquisition of the joint venture from the parties under common control and accounted for under pooling of interest method based on its carrying value. Samruk-Kazyna Odeu LLP (subsidiary of Samruk-Kazyna) and the Company have joint control over the KPI where decisions about the relevant activities of KPI require the unanimous consent.

The following table illustrate carrying value of KPI assets and liabilities as at the date of the acquisition (based on Predecessor’s accounting books):

<i>In millions of tenge</i>	
Non-current assets	852,587
Current assets	81,276
Non-current liabilities	(859,691)
Current liabilities	(77,754)
Net assets	(3,582)
Share of ownership	49.50%
The Group’s share in net assets	(1,773)
Purchase consideration transferred	91,175
Difference between consideration and carrying value of the investment in joint venture recognized in equity	91,175

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
Type of goods and services				
Sales of crude oil and gas	1,179,477	750,914	2,386,316	1,382,482
Sales of refined products	902,447	559,846	1,498,893	975,631
Refining of oil and oil products	56,143	55,467	107,389	102,459
Oil transportation services	44,153	42,284	84,454	84,276
Other revenue	63,777	71,073	126,098	127,180
	2,245,997	1,479,584	4,203,150	2,672,028
Geographical markets				
Kazakhstan	297,674	254,733	531,377	442,534
Other countries	1,948,323	1,224,851	3,671,773	2,229,494
	2,245,997	1,479,584	4,203,150	2,672,028

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

7. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Joint ventures				
Tengizchevroil LLP	201,213	109,664	401,091	199,005
KMG Kashagan B.V.	53,020	22,312	97,303	30,798
Mangistau Investments B.V.	6,050	14,740	40,587	26,794
KazGerMunay LLP	6,060	3,846	10,758	4,099
Kazakhstan-China Pipeline LLP	6,295	4,231	8,977	6,881
KazRosGas LLP	5,998	7,320	8,512	9,165
Valsera Holdings B.V.	6,983	636	5,537	4,551
Kazakhoil-Aktobe LLP	2,763	1,914	5,170	2,737
Teniz Service LLP	(2,341)	(2,452)	(2,015)	(3,096)
Ural Group Limited	(2,222)	(3,473)	(4,491)	(5,220)
Other	36	1,231	1,087	1,828
Associates				
Caspian Pipeline Consortium	41,105	17,316	63,709	39,321
PetroKazakhstan Inc.	(881)	3,725	2,745	5,832
Other	2,633	1,036	4,578	1,470
	326,712	182,046	643,548	324,165

8. COST OF PURCHASED OIL, GAS, PETROLEUM PRODUCTS AND OTHER MATERIALS

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Purchased oil for resale	1,041,052	647,464	2,149,835	1,216,468
Cost of oil for refining	175,196	162,364	413,961	251,415
Materials and supplies	99,497	61,783	175,046	112,835
Purchased gas for resale	21,476	12,316	42,870	23,573
Purchased petroleum products for resale	15,055	9,031	36,246	16,834
	1,352,276	892,958	2,817,958	1,621,125

9. PRODUCTION EXPENSES

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Payroll	112,184	75,291	187,959	146,951
Realized losses from derivatives on petroleum products	33,893	5,819	78,908	7,879
Energy	31,929	21,278	63,497	43,577
Repair and maintenance	40,429	28,294	63,431	45,540
Short-term lease expenses	22,745	6,594	35,137	13,383
Transportation costs	16,916	10,878	30,448	21,179
Others	33,713	20,868	22,826	34,307
	291,809	169,022	482,206	312,816

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

10. TAXES OTHER THAN INCOME TAX

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Rent tax on crude oil export	66,829	29,074	103,360	55,583
Export customs duty	39,380	28,828	60,132	49,231
Mineral extraction tax	29,410	21,426	58,532	41,763
Other taxes	45,877	22,578	69,147	43,341
	181,496	101,906	291,171	189,918

11. TRANSPORTATION AND SELLING EXPENSES

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Transportation	26,831	23,837	46,146	44,055
Payroll	3,494	3,013	7,156	6,017
Other	7,918	8,193	16,509	15,480
	38,243	35,043	69,811	65,552

12. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Payroll	15,704	13,349	31,696	27,341
Consulting services	4,079	3,543	6,718	6,554
Maintenance	1,422	1,131	2,828	2,167
Social payments	1,054	788	2,030	1,842
VAT that could not be offset	809	568	1,477	1,199
Accrual of expected credit losses for trade receivables and other current financial assets	646	3,359	928	3,105
Communication	424	294	758	770
Accrual/(reversal) of impairment of other current non-financial assets	78	(35)	262	75
Allowance for fines, penalties and tax provisions	147	1,490	237	1,513
Accrual/(reversal) of impairment of VAT receivable	30	(353)	55	(2,075)
Other	9,786	7,100	19,804	14,588
	34,179	31,234	66,793	57,079

For the six months ended June 30, 2022, the total payroll amounted to 226,811 million tenge (for the six months ended June 30, 2021: 180,309 million tenge) and was included in production expenses, transportation and selling expenses and general and administrative expenses in the interim condensed consolidated financial statements.

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

13. FINANCE INCOME/FINANCE COSTS

Finance income

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Interest income on bank deposits, financial assets, loans and bonds	29,571	17,206	49,490	31,890
Amortization of issued financial guarantees	–	566	–	1,131
Total interest income	29,571	17,772	49,490	33,021
Revaluation of financial assets at fair value through profit or loss	(662)	31	154	448
Other	1,674	832	3,258	1,176
	30,583	18,635	52,902	34,645

Finance costs

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Interest expense on loans and bonds	61,063	52,780	120,100	104,249
Commission for the early redemption of the loan (Note 20)	–	–	4,498	–
Interest expense on lease liabilities	740	772	1,435	1,530
Total interest expense	61,803	53,552	126,033	105,779
Write-off of transaction costs due to early redemption of the loan (Note 20)	–	–	13,035	–
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions	2,496	2,146	4,343	3,648
Unwinding of discount on employee benefits obligations	1,114	973	2,016	1,781
Other	4,245	935	7,934	4,616
	69,658	57,606	153,361	115,824

14. INCOME TAX EXPENSES

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Current income tax				
Corporate income tax	39,671	39,582	78,693	66,831
Withholding tax on dividends and interest income	10,183	5,762	10,731	6,005
Excess profit tax	3,589	38	3,589	38
Deferred income tax				
Corporate income tax	(26,668)	1,938	(28,816)	3,371
Withholding tax on dividends	25,182	16,450	70,164	29,851
Excess profit tax	–	(9)	239	(11)
Income tax expenses	51,957	63,761	134,600	106,085

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**15. PROPERTY, PLANT AND EQUIPMENT**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
Net book value as at December, 2020 (audited)	1,083,615	808,757	1,171,110	289,702	453,821	84,661	111,947	366,132	4,369,745
Foreign currency translation	8,540	695	4,295	1,095	766	577	1,202	3,570	20,740
Additions	3,942	2,704	2,129	55	27,450	4,274	1,075	118,435	160,064
Change in estimate	(2,729)	(104)	-	(12)	-	-	-	-	(2,845)
Disposals	(15,614)	(6,440)	(35,899)	(586)	(1,481)	(3,893)	(1,647)	(366)	(65,926)
Loss of control over subsidiaries	-	-	-	(426)	(416)	(221)	(184)	(38)	(1,285)
Depreciation charge	(57,354)	(14,887)	(57,398)	(9,292)	(19,063)	(5,371)	(5,613)	-	(168,978)
Accumulated depreciation and impairment on disposals	13,241	6,134	8,062	520	1,331	3,189	1,493	298	34,268
Reversal/(impairment)	10	-	-	-	10	-	1	(7)	14
Transfers to assets classified as held for sale	-	-	(24)	(11,534)	(33,670)	(3,635)	(457)	-	(49,320)
Transfers from investment property	-	-	-	791	-	-	7	-	798
Transfers from exploration and evaluation assets	145	-	-	-	-	-	-	-	145
Other changes	44	1,596	23	1	20	3	76	149	1,912
Transfers	45,615	8,281	7,069	3,346	38,633	378	16,901	(120,223)	-
Net book value as at June 30, 2021 (unaudited)	1,079,455	806,736	1,099,367	273,660	467,401	79,962	124,801	367,950	4,299,332
At cost	2,280,868	1,070,653	2,531,251	585,139	908,028	210,935	262,261	422,620	8,271,755
Accumulated depreciation and impairment	(1,201,413)	(263,917)	(1,431,884)	(311,479)	(440,627)	(130,973)	(137,460)	(54,670)	(3,972,423)
Net book value as at June 30, 2021 (unaudited)	1,079,455	806,736	1,099,367	273,660	467,401	79,962	124,801	367,950	4,299,332

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**15. PROPERTY, PLANT AND EQUIPMENT (continued)**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equip- ment	Vehicles	Other	Capital work in progress	Total
Net book value as at December 31, 2021 (audited)									
Foreign currency translation	1,126,550	262,717	1,121,420	211,823	239,191	75,225	109,016	260,038	3,405,980
Change in estimate	49,361	2,465	25,749	8,056	4,572	2,760	6,849	12,545	112,357
Additions	(15,573)	(7,285)	-	(3,289)	-	-	-	-	(26,147)
Disposals	3,613	50	114	13,631	2,186	182	267	137,005	157,048
Depreciation charge	(9,960)	(204)	(335)	(415)	(2,700)	(2,545)	(1,249)	(226)	(17,634)
Accumulated depreciation and impairment on disposals	(59,210)	(7,030)	(53,865)	(8,471)	(14,337)	(4,574)	(5,461)	-	(152,948)
(Impairment)/reversal of impairment	8,907	204	322	354	2,660	1,958	951	183	15,539
Transfers from/(to) assets classified as held for sale	-	(20)	-	-	9	491	129	21	630
Transfers from investment property	-	-	-	422	(24)	(24)	27	-	401
Other changes	-	-	-	1,553	-	-	-	-	1,553
Transfers	2	(54)	-	-	11	-	24	158	141
Net book value as at June 30, 2022 (unaudited)	57,137	2,115	7,510	7,075	26,291	385	1,739	(102,252)	-
	1,160,827	252,958	1,100,915	230,739	257,859	73,858	112,292	307,472	3,496,920
At cost									
Accumulated depreciation and impairment	2,492,953	395,161	2,753,813	550,712	629,484	218,558	259,202	357,877	7,657,760
Net book value as at June 30, 2022 (unaudited)	(1,332,126)	(142,203)	(1,652,898)	(319,973)	(371,625)	(144,700)	(146,910)	(50,405)	(4,160,840)
	1,160,827	252,958	1,100,915	230,739	257,859	73,858	112,292	307,472	3,496,920

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

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Additions

For the six months ended June 30, 2022 additions to capital work in progress are mainly attributable to development drilling at Embamunaigas JSC, Ozenmunaigas JSC, subsidiaries of KazMunayGas Exploration Production JSC, and KMG Karachaganak LLP for the total of 76,237 million tenge, overhauls at the plant facilities at Rompetrol Rafinare, subsidiary of KMG International N.V. (further KMGI) for 23,053 million tenge, replacement of “Uzen-Atyray-Samara” and “Astrakhan-Mangyshlak” pipelines for the total amount of 14,652 million tenge at KazTransOil JSC.

Other

For the six months ended June 30, 2022, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs in amount of 227 million tenge related to the construction of those property, plant and equipment at the average interest rate of 6.70% (for the year ended December 31, 2021: 32 million tenge at the average interest rate of 2.10%).

As at June 30, 2022, the cost of fully depreciated but still in use property, plant and equipment was 344,950 million tenge (December 31, 2021: 329,282 million tenge).

As at June 30, 2022, property, plant and equipment with the net book value of 831,032 million tenge (December 31, 2021: 837,744 million tenge) were pledged as collateral to secure borrowings of the Group.

Capital commitments are disclosed in Note 24.

16. BANK DEPOSITS

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Denominated in US dollar	663,495	559,244
Denominated in tenge	6,617	7,527
Less: allowance for expected credit losses	(232)	(200)
	669,880	566,571

As at June 30, 2022, the weighted average interest rate for long-term bank deposits was 0.94% in US dollars and 0.86% in tenge (December 31, 2021: 1.04% in US dollars and 0.94% in tenge).

As at June 30, 2022, the weighted average interest rate for short-term bank deposits was 1.31% in US dollars and 1.40% in tenge (December 31, 2021: 0.27% in US dollars and 5.68% in tenge).

Bank deposits have maturities as detailed below:

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Maturities under 1 year	609,447	510,513
Maturities between 1 and 2 years	170	140
Maturities over 2 years	60,263	55,918
	669,880	566,571

As at June 30, 2022 bank deposits include those pledged as collateral of 60,433 million tenge (December 31, 2021: 56,058 million tenge), which are represented mainly by 56,262 million tenge at restricted bank accounts designated as a liquidation fund per requirements of subsoil use contracts (December 31, 2021: 51,163 million tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**17. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

In millions of tenge	Main activity	Place of business	June 30, 2022 (unaudited)		December 31, 2021 (audited)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
Joint ventures						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	3,737,729	20.00%	3,105,942	20.00%
KMG Kashagan B.V.	Oil and gas exploration and production	Kazakhstan	2,721,148	50.00%	2,404,820	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	205,893	50.00%	207,410	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	68,124	50.00%	54,317	50.00%
Ural Group Limited	Oil and gas exploration and production	Kazakhstan	44,364	50.00%	41,453	50.00%
Kazakhstan-China Pipeline LLP	Oil transportation	Kazakhstan	29,331	50.00%	25,355	50.00%
Kazakhoil-Aktobe LLP	Production of crude oil	Kazakhstan	23,932	50.00%	25,262	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	27,600	50.00%	32,289	50.00%
Teniz Service LLP	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	14,878	48.996%	16,894	48.996%
Valsera Holdings B.V.	Oil refining	Kazakhstan	14,725	50.00%	9,590	50.00%
Other			31,404		30,525	
Associates						
Caspian Pipeline Consortium	Transportation of liquid hydrocarbons	Kazakhstan/Russia	509,393	20.75%	473,880	20.75%
PetroKazakhstan Inc.	Exploration, production and processing of oil and gas	Kazakhstan	92,363	33.00%	84,905	33.00%
Other			43,957		37,742	
			7,564,841		6,550,384	

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

17. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

All of the above joint ventures and associates are strategic for the Group's business.

As at June 30, 2022, the Group's share in unrecognized losses of joint ventures and associates was equal to 4,335 million tenge (December 31, 2021: 1,811 million tenge).

The following table summarizes the movements in the investments of joint ventures and associates during the six months ended June 30, 2022 and 2021:

<i>In millions of tenge</i>	2022	2021
On January 1 (audited)	6,550,384	6,471,021
Share in profits of joint ventures and associates, net (Notes 4 and 7)	643,548	481,224
Dividends received	(123,038)	(121,620)
Change in dividends receivable	(80,699)	(25,611)
Other changes in the equity of the joint venture	4,054	2,020
Additional contributions without change in ownership	67	1,926
Eliminations and adjustments*	(402)	–
Foreign currency translation	570,927	96,474
On June 30 (unaudited)	7,564,841	6,905,434

*Equity method eliminations and adjustments represent unrealized income from sale of inventory from joint ventures to subsidiaries and capitalized borrowing costs on the loans provided by the Company and subsidiaries to joint ventures.

On October 16, 2015, the Group sold 50% of its shares in KMG Kashagan B.V. to Samruk-Kazyna with a right to buy back all or part of the shares (further Option) effective from January 1, 2018 to December 31, 2020 which was later extended to December 31, 2022. In 2017, the Amsterdam Court imposed certain restrictions on 50% of shares in KMG Kashagan B.V. owned by Samruk-Kazyna (further Restrictions). During the Restrictions period, these shares of KMG Kashagan B.V. cannot be sold, transferred or pledge. As of December 31, 2021 the Restrictions remained in force.

On June 14, 2022 the Amsterdam Court lifted previously imposed certain restrictions on 50% of shares in KMG Kashagan B.V. owned by Samruk-Kazyna. Based on the analysis, the Group concluded that the Option does not give the Group substantive voting rights. The Group does not consider exercising the Option economically viable on the existing terms as the Option is out of the money due to the exercise price being significantly higher than the fair value of the 50% interest that the option relates to. Also, the Group analysed its financial ability and concluded that the Group does not have sufficient financial resources to finance the execution of the Option at the current terms of the Option. As a result, the Group does not have control over KMG Kashagan B.V. and continues to account for investments in KMG Kashagan B.V. using the equity method.

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

18. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Trade accounts receivable		
Trade accounts receivable	862,801	445,500
Less: allowance for expected credit losses	(28,960)	(27,245)
	833,841	418,255
Other current financial assets		
Other receivables	118,734	102,699
Dividends receivable	83,288	6,375
Reservation of cash for repayment of borrowings	–	259,459
Less: allowance for expected credit losses	(42,631)	(39,030)
	159,391	329,503
Other current non-financial assets		
Advances paid and prepaid expenses	50,192	38,149
Taxes receivable, other than VAT	33,780	32,090
Other	7,488	6,479
Less: impairment allowance	(113)	(104)
	91,347	76,614
Total other current assets	250,738	406,117

As at June 30, 2022 and December 31, 2021 the above assets were non-interest bearing.

As at June 30, 2022 trade accounts receivable of 157,679 million tenge are pledged as collateral (December 31, 2021: 131,000 million tenge).

As at December 31, 2021, the Group reserved cash in the amount of 259,459 million tenge for repayment of the loan from The Export-Import Bank of China (further Eximbank), including interest accrued. Cash reserved was used for early redemption of the loan from Eximbank, including interest accrued, in January 2022.

Trade accounts receivable is denominated in the following currencies as of June 30, 2022 and December 31, 2021:

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
US dollars	612,420	245,124
Tenge	113,592	104,603
Romanian Leu	96,797	60,616
Euro	8,337	3,615
Other currency	2,695	4,297
	833,841	418,255

Set out below is the information about credit risk exposure on the Group's trade receivables using a provision matrix:

<i>In millions of tenge</i>	Days past due					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
June 30, 2022 (unaudited)						
Expected credit loss rate	0.17%	1.85%	1.13%	1.41%	86.78%	
Trade accounts receivable	786,525	40,428	1,785	3,152	30,911	862,801
Expected credit loss	(1,323)	(747)	(20)	(44)	(26,826)	(28,960)
December 31, 2021 (audited)						
Expected credit loss rate	0.39%	3.17%	18.42%	8.28%	94.05%	
Trade accounts receivable	405,468	11,088	617	1,661	26,666	445,500
Expected credit loss	(1,561)	(352)	(114)	(138)	(25,080)	(27,245)

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

19. CASH AND CASH EQUIVALENTS

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Term deposits with banks – US dollar	565,289	512,701
Term deposits with banks – tenge	157,342	231,944
Term deposits with banks – other currencies	13,557	32,343
Current accounts with banks – US dollar	179,843	179,097
Current accounts with banks – tenge	3,009	7,003
Current accounts with banks – other currencies	18,814	10,037
The contracts of reverse repo with original maturities of three months or less	18,000	–
Cash in transit	15,334	1,557
Cash-on-hand and cheques	2,112	1,337
Less: allowance for expected credit losses	(42)	(170)
	973,258	975,849

Term deposits with banks are made for various periods of between one day and three months, depending on the immediate cash requirements of the Group.

As at June 30, 2022, the weighted average interest rate for term deposits with banks was 1.45% in US dollars, 12.21% in tenge and 0.04% in other currencies (December 31, 2021: 0.20% in US dollars, 8.67% in tenge and 5.00% in other currencies).

As at June 30, 2022 and December 31, 2021 cash and cash equivalents were not pledged as collateral for obligations of the Group.

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

20. BORROWINGS

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Fixed interest rate borrowings	3,249,935	3,041,001
Weighted average interest rates	5.69%	5.72%
Floating interest rate borrowings	684,762	705,326
Weighted average interest rates	8.12%	5.78%
	3,934,697	3,746,327

As at June 30, 2022 and December 31, 2021, borrowings are denominated in the following currencies:

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
US dollar	3,284,212	3,213,820
Tenge	281,362	294,581
Russian ruble	349,123	221,207
Euro	9,214	8,424
Other currencies	10,786	8,295
	3,934,697	3,746,327

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Current portion	355,985	484,980
Non-current portion	3,578,712	3,261,347
	3,934,697	3,746,327

As at June 30, 2022 and December 31, 2021 the bonds comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Bonds					
Bonds LSE 2020	750 million USD	2033	3.50%	354,834	325,735
AIX 2019	56 billion KZT	2024	5.00%	35,451	33,123
Bonds LSE 2018	1.5 billion USD	2048	6.375%	696,326	639,046
Bonds LSE 2018	1.25 billion USD	2030	5.375%	588,694	540,156
Bonds LSE 2018	0.5 billion USD	2025	4.75%	236,279	216,760
Bonds LSE 2017	1.25 billion USD	2047	5.75%	569,989	522,827
Bonds LSE 2017	1 billion USD	2027	4.75%	467,557	428,552
Total				2,949,130	2,706,199

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**20. BORROWINGS (continued)**

As at June 30, 2022 and December 31, 2021 the borrowings comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Loans					
VTB Bank (PJSC)	38 billion RUB	2027	Key Rate of Central Bank of Russian Federation + 2.25%	349,123	221,207
The Syndicate of banks (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank)	435 million USD ¹	2022-2023	1M Libor + 2.75%, 1M Libor + 2.50%, ON Euribor+2.50%		
Halyk bank JSC (Halyk bank)	151 billion KZT	2024-2025	11.00%	148,966	84,096
Development bank of Kazakhstan JSC (DBK)	157 billion KZT	2023-2026	7.00%-9.00%	136,498	138,119
Cargill	150 million USD	2023-2024	3M SOFR + 2.61%, 3M Libor + 2.50%, 3M SOFR + 2.98%	109,885	119,243
ING Bank NV	250 million USD	2022	COF ³ (1.95%) + 2.00%	70,956	43,343
DBK	843.6 million USD	2023	10.99%	35,254	24,034
Halyk bank	100 million USD ²	2024	5.00% (USD), 16.00% (KZT)	27,287	34,138
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	150 million USD	2022	COF (1.60%) + 1.70%	27,135	43,302
Credit Agricole	250 million USD	2022	COF (1.72%) + 2.00%	25,541	22,385
The Export-Import Bank of China (Eximbank)	1.13 billion USD	2026	COF (1.72%) + 2.00% 6M Libor + 4.10%	3,362	21,533
Other	-	-	-	-	242,555
Total				985,567	1,040,128

¹75 million USD with revolving credit facility.²Revolving credit facility.³Cost of funding.

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

20. BORROWINGS (continued)

The increase in carrying value of placed bonds during the six months ended June 30, 2022, is due to the effect of the foreign currency exchange rate on bonds placed at the London Stock Exchange (further LSE) and denominated in US dollars for 238,139 million tenge.

In January 2022, Atyrau Refinery LLP (further Atyrau Refinery) made early fully repayment of the loan from Eximbank for 604 million US dollars (equivalent to 259,459 million tenge), including accrued interest. For the repayment was used the cash reserved in November 2021 (*Note 18*).

During the six months ended June 30, 2022, KMGI received Syndicated loan used to finance its working capital for the total amount of 126 million US dollars (equivalent to 56,555 million tenge).

The increase in carrying value of the loan from VTB Bank (PJSC) denominated in Russian ruble during the six months ended June 30, 2022, is due to the effect of the foreign currency exchange rate for 123,988 million tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**20. BORROWINGS (continued)**

Changes in liabilities arising from financing activities for the six months ended June 30:

<i>In millions of tenge</i>	2022				2021			
	Short-term loans	Long-term loans	Bonds	Total	Short-term loans	Long-term loans	Bonds	Total
On January 1 (audited)	162,772	877,356	2,706,199	3,746,327	184,370	916,265	2,977,813	4,078,448
Received in cash	26,576	81,884	-	108,460	110,159	55,774	-	165,933
Repayment of principal in cash	(54,184)	(20,384)	(520)	(75,088)	(46,300)	(115,233)	(6,287)	(167,820)
Repayment of principal and interest by reserved cash	-	(259,459)	-	(259,459)	-	-	-	-
Interest accrued	4,472	38,086	77,440	119,998	4,654	32,743	80,879	118,276
Commission for the early redemption of the loan (Note 13)	-	4,498	-	4,498	-	-	-	-
Write-off of transactions costs due to early redemption of the loan (Note 13)	-	13,035	-	13,035	-	-	-	-
Interest paid*	(4,547)	(30,046)	(74,988)	(109,581)	(4,532)	(27,141)	(106,340)	(138,013)
Foreign currency translation	9,787	13,056	233,582	256,425	2,845	1,715	43,956	48,516
Foreign exchange loss	262	123,631	7,417	131,310	472	8,573	5,991	15,036
Other	-	(1,228)	-	(1,228)	-	(192)	-	(192)
On June 30 (unaudited)	145,138	840,429	2,949,130	3,934,697	251,668	872,504	2,996,012	4,120,184
Current portion	145,138	172,287	38,560	355,985	251,668	171,423	44,678	467,769
Non-current portion	-	668,142	2,910,570	3,578,712	-	701,081	2,951,334	3,652,415

*The repayment of the interest is classified in the statement of cash flows as operating cash flows.

Covenants

The Group is required to comply with the financial and non-financial covenants under the terms of loan agreements. As of June 30, 2022 and December 31, 2021 the Group complied with all financial and non-financial covenants.

Hedge of net investment in the foreign operations

As at June 30, 2022, certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. These borrowings are being used to hedge the Group's exposure to the US dollar foreign exchange risk on these investments. For the six months ended June 30, 2022, loss of 233,582 million tenge (for the six months ended, June 30, 2021: loss of 43,956 million tenge) on the translation of these borrowings were transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.

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

20. BORROWINGS (continued)

Hedge of net investment in the foreign operations (continued)

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the US Dollars borrowings. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowings. As at June 30, 2022 and December 31, 2021 there was no ineffective portion of the hedge.

21. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Trade accounts payable	870,116	519,201
Other financial liabilities		
Due to employees	55,967	44,401
Other trade payables	20,889	16,446
Derivative financial instruments	29,405	2,127
Other	22,167	22,172
	128,428	85,146
Current portion	112,762	69,231
Non-current portion	15,666	15,915
Other non-financial liabilities		
Contract liabilities	157,468	154,696
Other	23,226	18,802
	180,694	173,498
Current portion	143,134	134,269
Non-current portion	37,560	39,229

As of June 30, 2022 and December 31, 2021 trade accounts payable were denominated in the following currencies:

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
US dollars	704,136	351,383
Tenge	70,000	83,705
Romanian leu	59,149	71,932
Euro	31,745	3,381
Other currency	5,086	8,800
Total	870,116	519,201

As at June 30, 2022 and December 31, 2021 trade accounts payable and other financial liabilities were not interest bearing.

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

22. RELATED PARTY DISCLOSURES

Terms and conditions of transactions with related parties

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. Outstanding balances are mainly unsecured and interest free and settlement occurs in cash. The Group recognizes allowances for expected credit losses on amounts owed by related parties.

Transactions balances

The following table provides the balances of transactions with related parties as at June 30, 2022 and December 31, 2021:

<i>In millions of tenge</i>	As at	Due from related parties	Due to related parties	Cash and deposits placed with related parties	Borrowings payable to related parties
Samruk-Kazyna entities	June 30, 2022 (unaudited)	457,284	1,645	–	35,449
	December 31, 2021 (audited)	497,242	1,074	–	33,123
Associates	June 30, 2022 (unaudited)	78,400	2,679	–	–
	December 31, 2021 (audited)	12,249	3,009	–	–
Other state-controlled parties	June 30, 2022 (unaudited)	1,300	428	94,366	137,172
	December 31, 2021 (audited)	2,349	638	86,481	153,381
Joint ventures	June 30, 2022 (unaudited)	172,534	341,779	–	–
	December 31, 2021 (audited)	166,869	170,923	–	–

Due from/to related parties

Associates

As at June 30, 2022 the increase in due from associates is mainly due to dividends receivable from Caspian Pipeline Consortium JSC for 143 million US dollars (equivalent to 67,175 million tenge).

Joint ventures

As at June 30, 2022 due to joint ventures were mainly represented by accounts payable for crude oil to Tengizchevroil LLP (further TCO) for 294,602 million tenge.

Transactions turnover

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

<i>In millions of tenge</i>	During the six months ended June 30,	Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	2022 (unaudited)	4,812	5,356	25,209	800
	2021 (unaudited)	10,096	7,338	17,345	975
Associates	2022 (unaudited)	12,414	17,341	122	–
	2021 (unaudited)	43,735	17,377	4,501	–
Other state-controlled parties	2022 (unaudited)	7,782	9,224	158	8,049
	2021 (unaudited)	17,827	6,975	162	11,695
Joint ventures	2022 (unaudited)	101,901	1,153,273	5,492	3
	2021 (unaudited)	196,296	819,354	12,123	354

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

22. RELATED PARTY DISCLOSURES (continued)**Key management employee compensation**

Total compensation to key management personnel (members of the Boards of directors and Management boards of the Group) included in general and administrative expenses was equal to 3,072 million tenge and 3,189 million tenge for the six months ended June 30, 2022 and 2021, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

Dividends

During the six months ended June 30, 2022, based on the decision of Samruk-Kazyna and National Bank of RK, the Company declared and paid-off dividends for 2021 of 327.80 tenge per common share in the total of 199,997 million tenge (2021: declared dividends for 2020 of 81.95 tenge per common share in the total of 49,999 million tenge).

Distributions to Samruk-Kazyna

During the six months ended June 30, 2022, in accordance with the Government decree on the construction of a medical center in Zhana-ozen town and housing for the residents, living in Zhana-ozen town, the Group accrued liabilities for 9,690 million tenge and recognized as distribution to Samruk-Kazyna in equity.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**23. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES****Fair values of financial instruments**

The carrying amount of the Group financial instruments as at June 30, 2022 and December 31, 2021 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

In millions of tenge	June 30, 2022 (unaudited)				December 31, 2021 (audited)				
	Carrying amount	Fair value	Fair value by level of assessment			Fair value	Fair value by level of assessment		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Bonds receivable from Samruk-Kazyna	18,682	20,030	-	20,030	-	16,925	-	16,925	-
Loans given to related parties at amortized cost	438,819	431,657	-	399,041	32,616	472,528	-	448,658	23,870
Fixed interest rate borrowings	3,249,935	2,784,871	2,469,502	315,369	-	3,556,705	3,210,632	346,073	-
Floating interest rate borrowings	684,762	684,762	-	684,762	-	755,347	-	755,347	-

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

23. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Fair values of financial instruments (continued)

The fair value of bonds receivable from the Samruk-Kazyna and other debt instruments have been calculated by discounting the expected future cash flows at market interest rates.

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no transfers between Level 1 and Level 2 during the reporting period, and no transfers into or out of Level 3 category.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the six months ended June 30, 2022.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy are shown below:

	Valuation technique	Significant unobservable inputs	Range as of June 30, 2022 (unaudited)	Range as of December 31, 2021 (audited)
Loans given to related parties at amortized cost	Discounted cash flow method	Interest/discount rate	5.1-15.7%	4.1-11.5%

24. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to the contingent liabilities and commitments disclosed in the consolidated financial statements of the Group for the year ended December 31, 2021, the following changes have taken place during the six month ended June 30, 2022:

The civil litigation at KMGI

Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, resumed several previous civil filings in 2020, one of which challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital in 2003-2005. The hearings have been held periodically, but no final decisions were made. On July 13, 2021, the court rejected the complaint of Faber. However, Faber appealed against this decision. Faber's two lawsuits were dismissed by the Supreme Court on April 13, 2022 and May 4, 2022. As a result of hearing in December 2021 the court admitted the appeal and sent back the file to be re-settled. Next hearings are scheduled to September 2022.

The Group believes that its position with regard to the new Faber filing will be sustained similar to the matters resolved in 2020 in favour of the Group, and as such, the Group did not recognize any provisions as of June 30, 2022.

Comprehensive tax audit at Pavlodar Refinery for 2016-2020

On March 1, 2022, based on 2016-2020 comprehensive tax audit, Pavlodar oil chemistry refinery (further Pavlodar Refinery) received additional tax assessment for VAT for 15,290 million tenge, for Income tax for 2,772 million tenge, for other taxes for 255 million tenge, including penalties, and reduction in tax carry-forward losses for 15,579 million tenge. Pavlodar Refinery has not agreed with tax audit results and on April 15, 2022 sent an appeal to the RK Ministry of Finance. In May 2022, appeal consideration was suspended by the RK Ministry of Finance until clarification of the circumstances. The Group believes that the risk of additional tax assessment is not probable, as such, the Group did not recognize any provisions as of June 30, 2022.

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

24. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Cost recovery audits

As of June 30, 2022, the Group's share in the total disputed amounts of costs is 1,231 million US dollars (equivalent to 579,193 million tenge as at reporting date) (As of December 31, 2021: 1,177 million US dollars, equivalent to 508,180 million tenge), including its share in the joint venture.

Kazakhstan local market obligation

During the six months ended June 30, 2022 in accordance with its obligations, the Group delivered 4,030 thousand tons of crude oil (for the six months ended June 30, 2021: 3,396 thousand tons), including its share in the joint ventures and associates, to the Kazakhstan market.

Commitments under subsoil use contracts

As at June 30, 2022, the Group had the following commitments related to minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate:

<i>In millions of tenge</i>	Capital expenditures	Operational expenditures
Year		
2022	179,505	14,477
2023	110,943	4,310
2024	32,408	4,324
2025	14,217	4,275
2026-2048	3,038	21,957
Total	340,111	49,343

Oil supply commitments

As of June 30, 2022, KMG Kashagan B.V., joint venture of the Company, had commitments under the oil supply agreements in the total amount of 3.7 million ton (December 31, 2021: 4.3 million ton).

Other contractual commitments

As at June 30, 2022, the Group, including its share in joint ventures commitments, had other capital commitments of approximately 186,935 million tenge, net of VAT (as at December 31, 2021: 148,590 million tenge, net of VAT), related to acquisition and construction of non-current assets.

As at June 30, 2022, the Group had commitments of 169,073 million tenge (as at December 31, 2021: 184,455 million tenge) under the investment programs approved by the joint order of Ministry of Energy of RK and Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of RK to facilitate production units.

25. SEGMENT REPORTING

The Group's operating segments have their own structure and management according to the type of the produced goods and services provided. Moreover, all segments are strategic directions of the business which offer different types of the goods and services in different markets. The functions have been defined as the operating segments of the Group because they are segments a) that engages in business activities from which revenues are generated and expenses incurred; b) whose operating results are regularly reviewed by the Group's chief operating decision makers to make decisions.

The Group's activity consists of three main operating segments: exploration and production of oil and gas, oil transportation, refining and trading of crude oil and refined products. The Group presents the Company's activities separately in Corporate segment, since the Company performs not only the functions of the parent company, but also carries out operational activities. The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance.

Disaggregation of revenue by types of goods and services is presented in *Note 6* to the consolidated financial statements.

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

25. SEGMENT REPORTING (continued)

For the six months ended June 30, 2022 disaggregated revenue type *Sales of crude oil and gas* and *Sales of refined products* mainly represents sales made to the external parties by the following operating segments:

	Type of products and services			
	For the six months ended June 30,			
	2022		2021	
<i>In millions of tenge</i>	Sales of crude oil and gas	Sales of refined products	Sales of crude oil and gas	Sales of refined products
Segments				
Refining and trading of crude oil and refined products	2,386,316	1,135,412	1,382,482	719,496
Corporate	–	356,206	–	249,384
Exploration and production of oil and gas	–	2,038	–	1,659
Other	–	5,237	–	5,092
	2,386,316	1,498,893	1,382,482	975,631

Segment performance is evaluated based on revenues, net profit and adjusted EBITDA, which are measured on the same basis as in the consolidated financial statements.

EBITDA is a supplemental non-IFRS financial measure used by management to evaluate segments performance, and is defined as earnings before depreciation, depletion and amortization, impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale, exploration expenses, impairments of joint ventures and associates, finance income and expense, income tax expenses.

EBITDA, % is calculated as EBITDA of each reporting segment divided by the total EBITDA.

Geographic information

The Group's property, plant and equipment are located in the following countries:

<i>In millions of tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Kazakhstan	2,828,181	2,782,481
Other countries	668,739	623,499
	3,496,920	3,405,980

Eliminations and adjustments in the tables below represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily comply with market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**25. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for the six months ended June 30, 2022 and assets and liabilities as at June 30, 2022 of operating segments of the Group:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	1,216	103,411	3,684,120	357,059	57,344	–	4,203,150
Revenues from sales to other segments	747,037	67,896	77,688	45,690	45,942	(984,253)	–
Total revenue	748,253	171,307	3,761,808	402,749	103,286	(984,253)	4,203,150
Cost of purchased oil, gas, petroleum products and other materials	(14,700)	(7,996)	(3,328,167)	(189,475)	(13,850)	736,230	(2,817,958)
Production expenses	(198,354)	(91,280)	(187,902)	(93,452)	(94,492)	183,274	(482,206)
Taxes other than income tax	(232,125)	(8,175)	(7,191)	(39,207)	(4,473)	–	(291,171)
Transportation and selling expenses	(53,316)	(9,309)	(34,249)	(4,588)	–	31,651	(69,811)
General and administrative expenses	(15,979)	(6,658)	(22,028)	(11,991)	(11,293)	1,156	(66,793)
Share in profit of joint ventures and associates, net	552,870	73,978	10,146	–	6,554	–	643,548
EBITDA	786,649	121,867	192,417	64,036	(14,268)	(31,942)	1,118,759
EBITDA, %	70%	11%	17%	6%	(1%)	(3%)	
Depreciation, depletion and amortization	(65,151)	(22,260)	(69,949)	(1,559)	(4,497)	–	(163,416)
Finance income	38,058	1,158	6,341	70,761	5,117	(88,533)	52,902
Finance costs	(10,382)	(3,701)	(72,414)	(112,882)	(2,499)	48,517	(153,361)
Impairment/(reversal of impairment) of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale	18	(20)	3	–	629	–	630
Income tax expenses	(118,781)	(14,079)	9,626	(10,574)	(792)	–	(134,600)
Profit/(loss) for the year from continuing operations	568,650	22,018	(57,893)	211,695	(17,740)	(49,770)	676,960
Other segment information							
Investments in joint ventures and associates	6,856,486	564,548	58,774	–	85,033	–	7,564,841
Capital expenditures	86,110	33,925	33,028	2,986	7,571	–	163,620
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,884)	(10,663)	(54,334)	(29,655)	(9,398)	–	(108,934)
Assets of the segment	9,735,894	1,286,291	3,394,215	1,696,717	337,183	(1,239,912)	15,210,388
Liabilities of the segment	1,036,688	235,994	2,384,057	3,682,393	111,998	(1,167,001)	6,284,129

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**25. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for the six months ended June 30, 2021 and assets and liabilities as at December 31, 2021 of operating segments of the Group:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	3,276	98,917	2,263,000	249,495	57,340	–	2,672,028
Revenues from sales to other segments	572,263	38,620	75,376	19,282	39,734	(745,275)	–
Total revenue	575,539	137,537	2,338,376	268,777	97,074	(745,275)	2,672,028
Cost of purchased oil, gas, petroleum products and other materials	(14,210)	(6,346)	(2,042,997)	(113,700)	(13,311)	569,439	(1,621,125)
Production expenses	(147,441)	(50,876)	(86,349)	(79,228)	(72,571)	123,649	(312,816)
Taxes other than income tax	(153,669)	(6,281)	(7,245)	(19,185)	(3,538)	–	(189,918)
Transportation and selling expenses	(52,555)	(3,676)	(32,238)	(5,005)	(10)	27,932	(65,552)
General and administrative expenses	(13,467)	(9,523)	(16,006)	(7,834)	(9,722)	(527)	(57,079)
Share in profit of joint ventures and associates, net	264,038	47,140	6,025	–	6,962	–	324,165
EBITDA	458,235	107,975	159,566	43,825	4,884	(24,782)	749,703
EBITDA, %	61%	14%	21%	6%	1%	(3%)	
Depreciation, depletion and amortization	(62,456)	(20,416)	(70,527)	(1,541)	(5,142)	–	(160,082)
Finance income	32,815	2,482	3,283	84,385	4,262	(92,582)	34,645
Finance costs	(9,670)	(2,522)	(40,647)	(103,274)	(2,392)	42,681	(115,824)
Impairment of property, plant and equipment, exploration and evaluation assets and assets classified as held for sale	3	–	–	–	(3,761)	–	(3,758)
Exploration expenses	(19,800)	–	–	–	–	–	(19,800)
Income tax expenses	(77,295)	(9,110)	(12,893)	(6,023)	(764)	–	(106,085)
Net profit for the period	315,409	10,965	39,372	99,480	(3,463)	(72,075)	389,688
Other segment information							
Investments in joint ventures and associates	5,904,568	523,747	47,395	–	74,674	–	6,550,384
Capital expenditures	72,537	40,676	11,607	4,561	7,352	29,772	166,505
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,854)	(9,686)	(40,898)	(28,518)	(9,023)	–	(92,979)
Assets of the segment	8,624,757	1,213,613	3,000,106	1,580,623	322,008	(1,088,846)	13,652,261
Liabilities of the segment	868,902	216,809	1,994,289	3,378,313	100,458	(1,065,191)	5,493,580

*Certain numbers shown here do not correspond to the consolidated financial statements for the six months ended June 30, 2021 and reflect adjustments made, refer to Note 4.

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

26. SUBSEQUENT EVENTS**Dividends received**

In July and August 2022 the Company received dividends from Kazakhstan - China Pipeline LLP, KazGerMunay LLP, MunayTas LLP and KMG Kashagan B.V., the joint ventures, of 5,000 million tenge, 4,759 million tenge, 2,637 million tenge and 567 million US dollars (equivalent to 266,118 million tenge), respectively, and from Caspian Pipeline Consortium, the associate, of 129 million US dollars (equivalent to 61,046 million tenge).

Acquisitions

In July 2022, the Company acquired 49% of shares in Petrosun LLP that specializes in the sale of liquefied petroleum gas and petroleum products. As a result of the analysis the Group recognized Petrosun LLP as a joint venture and accounts for using the equity method in accordance with IAS 28.

Incident at the Kashagan field

On August 3, 2022, a leak was discovered at the Kashagan field (North Caspian project) at the preliminary gas sampling facility. As a result, production was completely stopped. Since August 10, the production has been partially resumed. NCOC, the project operator, is conducting an incident assessment inspection and restoration work.