

**KazTransOil JSC**

**Interim condensed consolidated financial statements**

*For the six months ended 30 June 2020*



**CONTENTS**

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Report on review of interim condensed consolidated financial information

**Interim condensed consolidated financial statements**

Interim consolidated statement of financial position..... 1-2  
Interim consolidated statement of comprehensive income ..... 3-4  
Interim consolidated statement of cash flows ..... 5-6  
Interim consolidated statement of changes in equity ..... 7  
Notes to the interim condensed consolidated financial statements ..... 8-33

## **Report on review of interim condensed consolidated financial statements**

To the Management and Shareholders of KazTransOil JSC

### **Introduction**

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

### **Scope of review**

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

### **Conclusion**

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

*Ernst & Young LLP*



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Adil Syzdykov  
Auditor

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

050660, Republic of Kazakhstan, Almaty  
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21 August 2020



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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 FINANCIAL POSITION**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>As at 30 June 2020 (unaudited)</b>	<b>As at 31 December 2019 (audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	648,460,928	734,421,997
Right-of-use assets		3,429,198	3,902,044
Intangible assets		7,336,101	7,728,097
Investments in joint ventures	4	58,495,181	55,015,339
Advances to suppliers for property, plant and equipment	5	5,614,467	898,475
VAT recoverable		1,923,192	1,958,523
Accounts receivable	6	1,246,217	1,128,626
Bank deposits	9	1,857,093	2,139,767
Investments in bonds		1,008,162	919,511
Other non-current assets		11,369	11,866
		<b>729,381,908</b>	<b>808,124,245</b>
<b>Current assets</b>			
Inventories		7,144,131	6,278,501
Trade and other accounts receivable	6	9,336,967	5,858,238
Advances to suppliers		786,344	1,258,565
Prepayment for income tax		-	1,823,885
VAT recoverable and other prepaid taxes	7	6,323,959	7,121,095
Other current assets	8	5,039,294	6,859,636
Bank deposits	9	34,158	45,960,400
Cash and cash equivalents	10	52,729,800	28,649,091
		<b>81,394,653</b>	<b>103,809,411</b>
Non-current assets held for sale		<b>865,563</b>	<b>879,814</b>
		<b>82,260,216</b>	<b>104,689,225</b>
<b>Total assets</b>		<b>811,642,124</b>	<b>912,813,470</b>

*The accounting policy and explanatory notes on pages 8 through 33 form an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>As at 30 June 2020 (unaudited)</b>	<b>As at 31 December 2019 (audited)</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		61,937,567	61,937,567
Treasury shares repurchased from shareholders		(9,549)	(9,549)
Asset revaluation reserve	11	231,678,599	299,585,499
Foreign currency translation reserve		38,360,432	37,737,309
Other capital reserves		(1,893,432)	(1,893,432)
Retained earnings		308,543,324	305,621,572
<b>Total equity</b>		<b>638,616,941</b>	<b>702,978,966</b>
<b>Non-current liabilities</b>			
Employee benefit obligations		16,433,173	15,756,306
Lease liabilities		1,831,260	2,891,445
Deferred tax liabilities	22	65,060,573	80,564,703
Provision for asset retirement and land recultivation obligation	15	26,265,320	27,780,887
Deferred income	12	8,447,807	8,141,994
		<b>118,038,133</b>	<b>135,135,335</b>
<b>Current liabilities</b>			
Employee benefit obligations		561,245	658,941
Income tax payable		970,762	1,187,559
Trade and other accounts payable	13	6,929,671	15,183,124
Advances received	14	20,270,345	18,478,982
Lease liabilities		2,091,413	1,912,220
Other taxes payable		5,112,647	5,697,566
Provisions	15	309,763	306,553
Liability on a contribution to charter capital of a joint venture	4	-	5,000,000
Other current liabilities	16	18,741,204	26,274,224
		<b>54,987,050</b>	<b>74,699,169</b>
<b>Total liabilities</b>		<b>173,025,183</b>	<b>209,834,504</b>
<b>Total equity and liabilities</b>		<b>811,642,124</b>	<b>912,813,470</b>
<b>Book value per ordinary share (in Tenge)</b>	11	<b>1,641</b>	<b>1,808</b>

Signed and approved for issue on 21 August 2020.

General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant


  
Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 8 through 33 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)	
		2020	2019	2020	2019
Revenue	17	61,872,387	59,474,113	118,680,820	119,295,120
Cost of sales	18	(36,235,156)	(35,256,887)	(73,934,452)	(70,840,798)
<b>Gross profit</b>		<b>25,637,231</b>	<b>24,217,226</b>	<b>44,746,368</b>	<b>48,454,322</b>
General and administrative expenses	19	(2,825,568)	(3,061,327)	(5,811,219)	(8,330,334)
Other operating income	20	2,081,687	725,913	2,943,424	891,746
Other operating expenses	20	(86,411)	(1,378,635)	(1,975,850)	(2,348,109)
Impairment of property, plant and equipment	3	(509)	(3,458,582)	(509)	(3,458,582)
<b>Operating profit</b>		<b>24,806,430</b>	<b>17,044,595</b>	<b>39,902,214</b>	<b>35,209,043</b>
Net foreign exchange gain/(loss)	10	(5,995,504)	165,243	3,773,173	(201,538)
Finance income	21	923,978	723,786	1,576,375	1,344,613
Finance expenses	21	(915,997)	(966,281)	(1,872,432)	(1,866,990)
Share in income of joint ventures	4	9,681,311	3,679,728	3,630,981	7,893,825
<b>Profit before income tax</b>		<b>28,500,218</b>	<b>20,647,071</b>	<b>47,010,311</b>	<b>42,378,953</b>
Income tax expense	22	(3,763,076)	(4,892,435)	(8,839,826)	(8,561,356)
<b>Net profit for the period</b>		<b>24,737,142</b>	<b>15,754,636</b>	<b>38,170,485</b>	<b>33,817,597</b>
<b>Earnings per share (in Tenge)</b>	11	<b>64</b>	<b>41</b>	<b>99</b>	<b>88</b>
<b>Other comprehensive loss</b>					
<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		(2,372,671)	(1,363,341)	623,123	(2,059,754)
<b>Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net</b>		<b>(2,372,671)</b>	<b>(1,363,341)</b>	<b>623,123</b>	<b>(2,059,754)</b>

*The accounting policy and explanatory notes on pages 8 through 33 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)	
		2020	2019	2020	2019
<b>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>					
Impairment of property, plant and equipment of the Group, net	3	(17,502,619)	(5,824,263)	(73,519,405)	(10,562,938)
Income tax effect	22	3,500,524	884,254	14,703,881	1,831,989
		(14,002,095)	(4,940,009)	(58,815,524)	(8,730,949)
Charge of provision for asset retirement and land recultivation obligation of the Group					
	15	5,221,336	(533,366)	1,496,432	(533,366)
Income tax effect	22	(1,044,267)	106,674	(299,286)	106,674
		4,177,069	(426,692)	1,197,146	(426,692)
Charge of provision on asset retirement and land recultivation obligation of the joint ventures					
		1,337,136	(326,359)	(188,925)	(326,359)
Income tax effect		(267,426)	65,272	37,786	65,272
	4	1,069,710	(261,087)	(151,139)	(261,087)
<b>Total other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net</b>					
		(8,755,316)	(5,627,788)	(57,769,517)	(9,418,728)
<b>Total other comprehensive loss for the period, net of tax</b>					
		(11,127,987)	(6,991,129)	(57,146,394)	(11,478,482)
<b>Total comprehensive (loss)/income for the period, net of tax</b>					
		13,609,155	8,763,507	(18,975,909)	22,339,115

Signed and approved for issue on 21 August 2020.

General Director (Chairman of the Management Board)



Dossanov D.G.

Chief Accountant



Sarmağambetova M.K.

The accounting policy and explanatory notes on pages 8 through 33 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)	
		2020	2019
<b>Cash flows from operating activities</b>			
Profit before income tax		47,010,311	42,378,953
<b>Non-cash adjustment to reconcile profit before income tax to net cash flows</b>			
Depreciation and amortization	18, 19	27,489,204	27,285,316
Foreign exchange (gain)/loss		(3,773,173)	201,538
Share in income of joint ventures	4	(3,630,981)	(7,893,825)
Finance expenses	21	1,872,432	1,866,990
Write-off of VAT recoverable	19, 20	1,868,327	42,949
Finance income	21	(1,576,375)	(1,344,613)
Revision of estimates on provision on asset retirement and land reclamation obligation	20	(1,274,254)	1,168,348
Employee benefits expenses, current service costs	18, 19	334,151	280,890
Charge/(reversal) of allowance for expected credit losses on trade receivables, net	19	32,300	(87,484)
Loss on disposal of property, plant and equipment and intangible assets, net	20	31,190	113,379
Impairment of non-current assets held for sale	20	7,417	960,745
Impairment of the property, plant and equipment	3	509	3,458,582
Others		44,491	30,693
<b>Operating cash flows before working capital changes</b>		<b>68,435,549</b>	<b>68,462,461</b>
<b>(Increase)/decrease in operating assets</b>			
Inventories		(1,300,224)	(1,715,312)
Trade and other accounts receivable		(3,506,129)	(137,631)
Advances to suppliers		477,442	(1,116,269)
VAT recoverable and other prepaid taxes		(1,029,779)	545,907
Other current assets		1,866,754	3,768,232
<b>Increase/(decrease) in operating liabilities</b>			
Trade and other accounts payable		(2,689,782)	(2,256,652)
Advances received		1,789,285	(214,778)
Other taxes payable		(600,892)	(280,491)
Other current and non-current liabilities and employee benefit obligations		(13,184,256)	(8,631,936)
<b>Cash generated from operating activities</b>		<b>50,257,968</b>	<b>58,423,531</b>
Income taxes paid		(8,096,762)	(9,321,069)
Interest received		1,140,679	1,249,467
<b>Net cash flows from operating activities</b>		<b>43,301,885</b>	<b>50,351,929</b>

*The accounting policy and explanatory notes on pages 8 through 33 form an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2020	2019
<b>Cash flows from investing activities</b>			
Withdrawal of bank deposits		47,824,419	39,498,419
Proceeds from bonds redemption		37,958	29,971
Proceeds from sale of non-current assets held for sale		31,279	288,008
Proceeds from disposal of property, plant and equipment		-	10,241
Placement of bank deposits		-	(21,534,560)
Purchase of property, plant and equipment and intangible assets		(22,260,785)	(16,367,937)
<b>Net cash flows from investing activities</b>		<b>25,632,871</b>	<b>1,924,142</b>
<b>Cash flows from financing activities</b>			
Dividends paid	11	(45,386,116)	-
Payment of lease liabilities		(1,438,107)	(1,324,800)
<b>Net cash flows used in financing activities</b>		<b>(46,824,223)</b>	<b>(1,324,800)</b>
<b>Net change in cash and cash equivalents</b>		<b>22,110,533</b>	<b>50,951,271</b>
Effects of changes in exchange rates on cash and cash equivalents		1,959,326	(159,855)
Change in allowance for expected credit losses		10,850	(2,488)
Cash and cash equivalents at the beginning of the period		28,649,091	33,278,843
<b>Cash and cash equivalents at the end of the period</b>		<b>52,729,800</b>	<b>84,067,771</b>

Signed and approved for issue on 21 August 2020.

General Director (Chairman of the Management Board)




Dossanov D.G.

Chief Accountant



Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 8 through 33 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
<b>As at 31 December 2019 (audited)</b>	61,937,567	(9,549)	299,585,499	37,737,309	(1,893,432)	305,621,572	702,978,966
<b>Net profit for the period</b>	-	-	-	-	-	38,170,485	38,170,485
Other comprehensive (loss)/income	-	-	(57,769,517)	623,123	-	-	(57,146,394)
<b>Total comprehensive (loss)/income for the period</b>	-	-	(57,769,517)	623,123	-	38,170,485	(18,975,909)
Amortization of revaluation reserve for revalued property, plant and equipment	-	-	(10,137,383)	-	-	10,137,383	-
Dividends (Note 11)	-	-	-	-	-	(45,386,116)	(45,386,116)
<b>As at 30 June 2020 (unaudited)</b>	61,937,567	(9,549)	231,678,599	38,360,432	(1,893,432)	308,543,324	638,616,941
<b>As at 31 December 2018 (audited)</b>	61,937,567	(9,549)	243,588,977	39,572,764	(72,146)	280,398,586	625,416,199
Changes in accounting policy	-	-	-	-	-	(822,530)	(822,530)
<b>As at 1 January 2019 (restated)</b>	61,937,567	(9,549)	243,588,977	39,572,764	(72,146)	279,576,056	624,593,669
Net profit for the period	-	-	-	-	-	33,817,597	33,817,597
Other comprehensive loss	-	-	(9,418,728)	(2,059,754)	-	-	(11,478,482)
<b>Total comprehensive income for the period</b>	-	-	(9,418,728)	(2,059,754)	-	33,817,597	22,339,115
Amortization of revaluation reserve for revalued property, plant and equipment	-	-	(9,477,297)	-	-	9,477,297	-
Dividends (Note 11)	-	-	-	-	-	(40,001,322)	(40,001,322)
<b>As at 30 June 2019 (unaudited)</b>	61,937,567	(9,549)	224,692,952	37,512,810	(72,146)	282,869,628	606,931,462

Signed and approved for issue on 21 August 2020.

General Director (Chairman of the Management Board)

Chief Accountant



Dossanov D.G.

Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 8 through 33 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 2020****1. GENERAL INFORMATION**

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

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

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

As at 30 June 2020 10% of shares of the Company are owned by minority shareholders who acquired them within the “People’s IPO” program. The major shareholder of the Company, who owns the controlling interest of the Company (90%) is National Company “KazMunayGas” JSC (hereinafter “KMG” or “Parent Company”). 90% of KMG shares are owned by Sovereign Wealth Fund “Samruk-Kazyna” JSC (hereinafter – “Samruk-Kazyna”), controlled by the Government of the Republic of Kazakhstan. 10% of KMG shares are owned by the National Bank of the Republic of Kazakhstan.

As at 30 June 2020 and 31 December 2019 the Company had interest ownership in the following companies:

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

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

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

The Company 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 5,378 km and water pipelines of 1,945 km.

The company provides services on oil transportation via main pipelines, a transport expedition of Kazakhstani oil via pipeline networks of other states, services for the operation and maintenance of oil pipelines of other companies, including joint ventures of the Group. Group’s joint ventures MunaiTas and KCP own Kenkiyak – Atyrau, Kenkiyak – Kumkol, and Atasu – Alashankou pipelines mainly used for transportation of Kazakhstani crude oil, and also for transit of Russian oil to China.

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

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**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 2020, the temporary tariff for pumping oil to the domestic market is 4,109.50 Tenge per ton for 1,000 kilometers without VAT (from 1 January to 31 August 2019 – 4,721.72 Tenge per ton for 1,000 kilometers without VAT; from 1 September – 4,716.62 Tenge per 1 ton for 1,000 kilometers without VAT).

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

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

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

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

These interim condensed consolidated financial statements for the six months ended 30 June 2020 were signed and approved for issue by the Deputy General Director (Chairman of the Management Board) and the Chief Accountant on 21 August 2020.

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

These interim condensed consolidated financial statements for the six months ended 30 June 2020 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 2019.

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

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

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

#### **New standards, interpretations and amendments adopted 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 2019, except for the adoption of new standards and interpretations effective as of 1 January 2020. 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:

#### *Revised version of Conceptual Framework for Financial Reporting*

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

#### *Amendments to IFRS 3 Definition of a Business Combinations*

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

#### *Amendments to IAS 1 and IAS 8 Definition of Material*

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

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

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

#### **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.

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

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

#### Foreign currency translation

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

Weighted average currency exchange rates for the six months ended 30 June 2020 and 2019 are as follows:

<i>Tenge</i>	For the six months ended 30 June	
	2020	2019
US Dollars	<b>404.71</b>	379.29
Russian Rubles	<b>5.83</b>	5.81
Euro	<b>445.58</b>	428.45
Georgian Lari	<b>132.40</b>	141.00

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

<i>Tenge</i>	30 June 2020	31 December 2019
US Dollars	<b>403.93</b>	382.59
Russian Rubles	<b>5.70</b>	6.16
Euro	<b>452.52</b>	429
Georgian Lari	<b>134.91</b>	134.48

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

Property, plant and equipment as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
<b>At revalued amount as at 31 December 2019 (audited)</b>	23,949,576	233,143,081	19,294,537	87,817,200	165,639,253	166,121,927	10,110,133	49,263,659	755,339,366
Foreign currency translation	<b>995,447</b>	-	<b>70,716</b>	<b>(30,389)</b>	<b>67,163</b>	-	<b>1,208</b>	<b>13,845</b>	<b>1,117,990</b>
Additions	-	-	<b>984,040</b>	-	<b>391,665</b>	-	<b>60,230</b>	<b>11,237,551</b>	<b>12,673,486</b>
Additions of asset retirement and land recultivation obligation (Note 15)	-	<b>233,363</b>	-	-	-	-	-	-	<b>233,363</b>
Disposals	-	<b>(105,573)</b>	<b>(5,943)</b>	<b>(679)</b>	<b>(66,385)</b>	<b>(1,064)</b>	<b>(63,516)</b>	<b>(1,956)</b>	<b>(245,116)</b>
Revaluation/(impairment) (through revaluation reserve)	-	<b>65,834</b>	-	-	-	<b>(73,581,718)</b>	-	-	<b>(73,515,884)</b>
Transfers from construction in progress	-	<b>7,318,718</b>	<b>263,893</b>	<b>3,426,914</b>	<b>3,875,178</b>	-	<b>215,277</b>	<b>(15,099,980)</b>	-
Transfers to non-current assets held for sale	-	-	<b>(12,804)</b>	<b>(5,866)</b>	-	-	-	-	<b>(18,670)</b>
Transfers to intangible assets	-	-	-	-	-	-	-	<b>(7,356)</b>	<b>(7,356)</b>
Transfers and reclassifications	-	-	<b>(84,270)</b>	<b>52,494</b>	<b>24,685</b>	-	<b>7,091</b>	-	-
<b>At revalued amount as at 30 June 2020 (unaudited)</b>	<b>24,945,023</b>	<b>240,655,423</b>	<b>20,510,169</b>	<b>91,259,674</b>	<b>169,931,559</b>	<b>92,539,145</b>	<b>10,330,423</b>	<b>45,405,763</b>	<b>695,577,179</b>
<b>Accumulated depreciation and impairment as at 31 December 2019 (audited)</b>	-	(5,385,993)	(1,176,504)	(2,616,469)	(10,120,061)	-	(1,618,342)	-	(20,917,369)
Foreign currency translation	-	-	<b>(2,576)</b>	<b>(696)</b>	<b>(4,447)</b>	-	<b>(349)</b>	-	<b>(8,068)</b>
Depreciation charge	-	<b>(7,081,417)</b>	<b>(1,434,728)</b>	<b>(3,352,874)</b>	<b>(12,778,949)</b>	-	<b>(1,720,807)</b>	-	<b>(26,368,775)</b>
Disposals	-	<b>51,203</b>	<b>2,818</b>	<b>590</b>	<b>57,476</b>	-	<b>63,516</b>	-	<b>175,603</b>
Impairment (through expenses)	-	<b>(509)</b>	-	-	-	-	-	-	<b>(509)</b>
Impairment (through revaluation reserve)	-	<b>(1,894)</b>	-	<b>(1,627)</b>	-	-	-	-	<b>(3,521)</b>
Transfers to non-current assets held for sale	-	-	<b>3,923</b>	<b>2,465</b>	-	-	-	-	<b>6,388</b>
Transfers and reclassifications	-	-	<b>1,355</b>	<b>(363)</b>	<b>(964)</b>	-	<b>(28)</b>	-	-
<b>Accumulated depreciation and impairment as at 30 June 2020 (unaudited)</b>	-	<b>(12,418,610)</b>	<b>(2,605,712)</b>	<b>(5,968,974)</b>	<b>(22,846,945)</b>	-	<b>(3,276,010)</b>	-	<b>(47,116,251)</b>



**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
<b>As at 30 June 2020 (unaudited)</b>									
At revalued amount	24,945,023	240,655,423	20,510,169	91,259,674	169,931,559	92,539,145	10,330,423	45,405,763	695,577,179
Accumulated depreciation and impairment	-	(12,418,610)	(2,605,712)	(5,968,974)	(22,846,945)	-	(3,276,010)	-	(47,116,251)
<b>Net book value</b>	<b>24,945,023</b>	<b>228,236,813</b>	<b>17,904,457</b>	<b>85,290,700</b>	<b>147,084,614</b>	<b>92,539,145</b>	<b>7,054,413</b>	<b>45,405,763</b>	<b>648,460,928</b>
<b>As at 31 December 2019 (audited)</b>									
At revalued amount	23,949,576	233,143,081	19,294,537	87,817,200	165,639,253	166,121,927	10,110,133	49,263,659	755,339,366
Accumulated depreciation and impairment	-	(5,385,993)	(1,176,504)	(2,616,469)	(10,120,061)	-	(1,618,342)	-	(20,917,369)
<b>Net book value</b>	<b>23,949,576</b>	<b>227,757,088</b>	<b>18,118,033</b>	<b>85,200,731</b>	<b>155,519,192</b>	<b>166,121,927</b>	<b>8,491,791</b>	<b>49,263,659</b>	<b>734,421,997</b>

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

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

As at 30 June 2020:

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

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

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

Due to implication of impairment, the Group as of 30 June 2019 assessed its property, plant and equipment in Georgia, as well as BSP's land use rights for impairment. As a result of the analysis the Group determined that as of 30 June 2019 the carrying amount of property, plant and equipment of subdivisions generating cash units of BOT Group exceeded their recoverable amount and the Group recognized an impairment charge in the amount of 12,711 thousand US Dollars (equivalent to 4,821,155 thousand Tenge), as well as through profit and loss of 9,012 thousand US Dollars (equivalent to 3,418,161 thousand Tenge) and 3,699 thousand US Dollars (equivalent to 1,402,994 thousand Tenge) through other comprehensive income. In addition, during six months of 2019, the Group also recognized impairment losses on certain fixed assets of the Company in the amount of 47,619 thousand Tenge, including 40,421 thousand Tenge through profit and loss and 7,198 thousand Tenge through decrease of the asset revaluation reserve.

### 4. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
Investments in KCP	<b>32,710,660</b>	29,567,404
Investments in MunaiTas	<b>25,784,521</b>	25,447,935
<b>Total</b>	<b>58,495,181</b>	55,015,339

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

<i>In thousands of Tenge</i>	<b>Total</b>
<b>As at 31 December 2019 (audited)</b>	55,015,339
Share in income of joint ventures	<b>3,630,981</b>
Share in other comprehensive loss of joint ventures	<b>(151,139)</b>
<b>As at 30 June 2020 (unaudited)</b>	<b>58,495,181</b>

In June 2020 the Company repaid the liability on a contribution to charter capital of MunaiTas amounting 5,000,000 thousand Tenge, which was recognized at the end of 2019.

## 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 2020 and 2019 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)	
	2020	2019	2020	2019
<b>Share in income of joint ventures</b>				
KCP	9,677,771	3,268,329	3,264,313	7,118,372
MunaiTas	3,540	411,399	366,668	775,453
<b>Total share in income of joint ventures</b>	<b>9,681,311</b>	<b>3,679,728</b>	<b>3,630,981</b>	<b>7,893,825</b>
<b>Share in other comprehensive income/(loss) of joint ventures</b>				
KCP	894,070	(261,087)	(121,057)	(261,087)
MunaiTas	175,640	-	(30,082)	-
<b>Total share in other comprehensive income/(loss) of joint ventures</b>	<b>1,069,710</b>	<b>(261,087)</b>	<b>(151,139)</b>	<b>(261,087)</b>
<b>Total share in comprehensive income of joint ventures</b>	<b>10,751,021</b>	<b>3,418,641</b>	<b>3,479,842</b>	<b>7,632,738</b>

### 5. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

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

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Advances to third parties for property, plant and equipment and construction services	6,394,799	1,640,395
	<b>6,394,799</b>	<b>1,640,395</b>
Less: impairment	(780,332)	(741,920)
<b>Total</b>	<b>5,614,467</b>	<b>898,475</b>

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

Movement in reserve for impairment of advances given to suppliers for property, plant and equipment for the six months ended 30 June 2020 and 30 June 2019 was as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2020	2019
<b>As at the beginning of the period (audited)</b>	<b>741,920</b>	744,818
Foreign currency translation	38,412	(7,488)
<b>As at the end of the period (unaudited)</b>	<b>780,332</b>	737,330

### 6. TRADE AND OTHER ACCOUNTS RECEIVABLE

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

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Other accounts receivable from third parties	1,307,709	1,206,111
Less: allowance for expected credit losses	(61,492)	(77,485)
<b>Total</b>	<b>1,246,217</b>	<b>1,128,626</b>

## 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 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
Trade accounts receivable from related parties (Note 24)	<b>6,800,731</b>	2,446,713
Trade accounts receivable from third parties	<b>6,796,588</b>	7,406,294
Other accounts receivable from third parties	<b>729,556</b>	767,842
Other accounts receivable from related parties (Note 24)	<b>509</b>	509
Less: allowance for expected credit losses	<b>(4,990,417)</b>	(4,763,120)
<b>Total</b>	<b>9,336,967</b>	5,858,238

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

<i>In thousands of Tenge</i>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
Tenge	<b>8,244,321</b>	5,152,735
US Dollars	<b>1,078,493</b>	693,253
Russian Rubles	<b>6,478</b>	2,303
Other currency	<b>7,675</b>	9,947
<b>Total</b>	<b>9,336,967</b>	5,858,238

### 7. VAT RECOVERABLE AND OTHER PREPAID TAXES

VAT recoverable and other prepaid taxes as at 30 June 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
VAT recoverable	<b>5,948,287</b>	6,705,365
Other taxes prepaid	<b>375,672</b>	415,730
<b>Total</b>	<b>6,323,959</b>	7,121,095

### 8. OTHER CURRENT ASSETS

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

<i>In thousands of Tenge</i>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
Due for oil transportation coordination services	<b>4,174,291</b>	6,726,960
Prepaid insurance	<b>786,547</b>	35,760
Due from employees	<b>35,461</b>	31,905
Deferred expenses	<b>25,357</b>	34,805
Other	<b>17,638</b>	30,206
<b>Total</b>	<b>5,039,294</b>	6,859,636

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

### 9. BANK DEPOSITS

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

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

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 2020 and 31 December 2019 are as follows:

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

As at 30 June 2020 and 31 December 2019 the bank deposits comprised of restricted long-term bank deposits with interest from 2% to 3.5% per annum maturing in 2028 and in 2027, 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 2020 and 31 December 2019 are as follows:

<i>In thousands of Tenge</i>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
Time deposits with banks – Tenge	<b>14,940,568</b>	19,238,432
Current accounts with banks – US Dollars	<b>32,785,244</b>	4,365,671
Current accounts with banks – Tenge	<b>3,629,854</b>	2,920,193
Current accounts with banks – Lari	<b>1,306,310</b>	2,080,907
Current accounts with banks – Russian Ruble	<b>50,471</b>	32,182
Current accounts with banks – Euro	<b>15,753</b>	22,573
Other current accounts with banks	<b>24,963</b>	23,175
Cash on hand	<b>109</b>	280
Less: allowance for expected credit losses	<b>(23,472)</b>	(34,322)
<b>Total</b>	<b>52,729,800</b>	28,649,091

As at 30 June 2020:

- Current accounts and time deposits with maturity less than 3 months in Tenge placed with Kazakhstani banks carried interest ranging from 6.50% to 8.60% per annum (as at 31 December 2019: from 6.75% to 8.60% per annum);
- Interest for current accounts and time deposits with maturity less than 3 months placed in US Dollars ranged from 0.25% to 4% per annum (as at 31 December 2019: from 0.25% to 4% per annum).

Foreign exchange gain for the six months ended 30 June 2020 relate primarily to the translation of currencies denominated in US Dollars of current accounts and short-term deposits (*Note 9*) placed with banks during the reporting period.

Foreign exchange loss for the three months ended 30 June 2020 is related to the translation of the above assets as a result of changes in the US Dollar against Tenge as at 30 June 2020 (*Note 2*) compared to 31 March 2020 (US Dollar exchange rate: 444.67 Tenge).

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

### 11. EQUITY

#### Asset revaluation reserve

As at 30 June 2020 asset revaluation reserve of the Group was equal to 231,678,599 thousand Tenge (as at 31 December 2019: 299,585,499 thousand Tenge). The change in revaluation reserve is mainly due to impairment of the technological oil (*Note 3*) and revision of estimates of provision for asset retirement and land recultivation obligation (*Note 15*) with the corresponding effect of income tax expense (*Note 22*), as well as unwinding of discount on this reserve for the period.

#### Dividends

On 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 24*) and 4,537,815 thousand Tenge to minority shareholders.

On 30 June 2019 the Company accrued dividends payable based on the decision of the general meeting of shareholders dated 28 May 2019 in the amount of 40,001,322 thousand Tenge based on the results of 2018 (calculated as 104 Tenge per 1 share), with the use of net income received in 2018, in the amount of 38,484,983 thousand Tenge and retained earnings of previous years in the amount of 1,516,339 thousand Tenge, from which 36,001,892 thousand Tenge were paid to KMG and 3,999,430 thousand Tenge to minority shareholders in July 2019.

#### 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)	
	2020	2019	2020	2019
<b>Net profit attributable to ordinary equity holders of the Parent of the Group</b>	<b>24,737,142</b>	15,754,636	<b>38,170,485</b>	33,817,597
Weighted average number of ordinary shares for basic earnings per share	<b>384,628,099</b>	384,628,099	<b>384,628,099</b>	384,628,099
<b>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)</b>	<b>64</b>	41	<b>99</b>	88

#### Book value per ordinary share

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

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
<b>Total assets</b>	<b>811,642,124</b>	912,813,470
Less: intangible assets	<b>(7,336,101)</b>	(7,728,097)
Less: total liabilities	<b>173,025,183</b>	(209,834,504)
<b>Net assets for calculation of book value per ordinary share</b>	<b>631,280,840</b>	695,250,869
Number of ordinary shares	<b>384,628,099</b>	384,628,099
<b>Book value per ordinary share (in Tenge)</b>	<b>1,641</b>	1,808

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

### 12. DEFERRED INCOME

As at 30 June 2020 deferred income represents a guarantee of the Group in the amount of 8,447,807 thousand Tenge (as at 31 December 2019: 8,141,994 thousand Tenge), ensuring the provision of individual BSP assets for long-term lease to a counterparty.

The change in the amount of these liabilities as at 30 June 2020 is due to change in currency exchange rates at the reporting date and amortization of liabilities for the period.

### 13. TRADE AND OTHER ACCOUNTS PAYABLE

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

<i>In thousands of Tenge</i>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
Trade accounts payable to third parties for goods and services	<b>4,845,028</b>	10,318,431
Trade accounts payable to related parties for goods and services (Note 24)	<b>1,067,310</b>	3,743,715
Other accounts payable to third parties	<b>1,017,333</b>	1,116,797
Other accounts payable to related parties (Note 24)	-	4,181
<b>Total</b>	<b>6,929,671</b>	15,183,124

As at 30 June 2020 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 1,158,258 thousand Tenge (as at 31 December 2019: 7,730,268 thousand Tenge).

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

<i>In thousands of Tenge</i>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
Tenge	<b>6,382,588</b>	14,576,983
US Dollars	<b>246,393</b>	179,750
Russian Rubles	<b>4,609</b>	4,830
Euro	<b>2,424</b>	23,667
Other currency	<b>293,657</b>	397,894
<b>Total</b>	<b>6,929,671</b>	15,183,124

### 14. ADVANCES RECEIVED

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

<i>In thousands of Tenge</i>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
Advances received from related parties (Note 24)	<b>12,385,425</b>	11,220,896
Advances received from third parties	<b>7,884,920</b>	7,258,086
<b>Total</b>	<b>20,270,345</b>	18,478,982

### 15. PROVISIONS

#### Short-term provisions

The movement in provisions for the six months ended 30 June 2020 is as follows:

<i>In thousands of Tenge</i>	<b>Tax provisions (BOT)</b>	<b>Other provisions</b>	<b>Total</b>
<b>As at 31 December 2019 (audited)</b>	179,052	127,501	306,553
Charge for the period	-	446	446
Used in the reporting period	-	(162)	(162)
Foreign currency translation	(1,727)	4,653	2,926
<b>As at 30 June 2020 (unaudited)</b>	<b>177,325</b>	<b>132,438</b>	<b>309,763</b>

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

### 15. PROVISIONS (continued)

#### 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 2020 and 2019 is as follows:

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June	
	2020	2019	2020	2019
<b>At the beginning of the period</b>	<b>32,865,082</b>	21,564,668	<b>27,780,887</b>	21,109,397
Charge for the period through asset (Note 3)	-	-	<b>233,363</b>	-
Revision of estimates through profit and loss (Note 20)	<b>(1,895,846)</b>	1,168,348	<b>(1,274,254)</b>	1,168,348
Revision of estimates through other comprehensive (loss)/income	<b>(5,221,336)</b>	533,366	<b>(1,496,432)</b>	533,366
Unwinding of discount (Note 21)	<b>517,420</b>	465,089	<b>1,021,756</b>	920,360
<b>At the end of the period (unaudited)</b>	<b>26,265,320</b>	23,731,471	<b>26,265,320</b>	23,731,471

As at 30 June 2020 the Group revised the long-term provisions considering current best estimate, which was based on the discount rate of 8.05% (as at 31 December 2019: 7.46%). As at 30 June 2020 the inflation rate was 5.65% (as at 31 December 2019 5.48%). As at 31 March 2020 the discount rate and the inflation rate were 6.44% and 5.61% respectively.

### 16. OTHER CURRENT LIABILITIES

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

<i>In thousands of Tenge</i>	30 June 2020 (unaudited)	31 December 2019 (audited)
Accounts payable for oil transportation coordination services to related parties (Note 24)	<b>7,564,293</b>	8,193,956
Salaries and other compensations	<b>4,938,138</b>	11,099,128
Accounts payable for oil transportation coordination services to third parties	<b>4,829,040</b>	5,192,306
Current portion of deferred income	<b>626,732</b>	576,806
Accounts payable to pension fund	<b>491,189</b>	870,184
Other accruals	<b>291,812</b>	341,844
<b>Total</b>	<b>18,741,204</b>	26,274,224

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



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****17. REVENUE**

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

<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
<b>Total for segments</b>	<b>56,942,764</b>	<b>1,347,950</b>	<b>1,717,065</b>	<b>1,864,608</b>	<b>61,872,387</b>	<b>109,046,069</b>	<b>2,698,992</b>	<b>3,517,198</b>	<b>3,418,561</b>	<b>118,680,820</b>
<b>Geographic regions of customers</b>										
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
<b>Total revenue under contracts with customers</b>	<b>56,942,764</b>	<b>1,347,950</b>	<b>1,717,065</b>	<b>1,864,608</b>	<b>61,872,387</b>	<b>109,046,069</b>	<b>2,698,992</b>	<b>3,517,198</b>	<b>3,418,561</b>	<b>118,680,820</b>
<b>Timing of revenue recognition</b>										
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
<b>Total revenue under contracts with customers</b>	<b>56,942,764</b>	<b>1,347,950</b>	<b>1,717,065</b>	<b>1,864,608</b>	<b>61,872,387</b>	<b>109,046,069</b>	<b>2,698,992</b>	<b>3,517,198</b>	<b>3,418,561</b>	<b>118,680,820</b>

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

<i>In thousands of Tenge</i>	For three months ended 30 June 2019 (unaudited)					For six months ended 30 June 2019 (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	49,542,542	-	-	-	49,542,542	99,942,569	-	-	-	99,942,569
Pipeline operation and maintenance services	3,948,322	-	-	-	3,948,322	7,892,639	-	-	-	7,892,639
Water transportation	-	-	1,946,466	-	1,946,466	-	-	3,759,004	-	3,759,004
Fees for undelivered oil volumes	1,210,625	-	-	-	1,210,625	2,386,044	-	-	-	2,386,044
Seaport services	-	-	-	1,156,127	1,156,127	-	-	-	2,318,600	2,318,600
Oil, oil products and gas transshipment and railway shipment	-	1,332,626	-	-	1,332,626	-	2,304,945	-	-	2,304,945
Oil transportation coordination services	172,457	-	-	-	172,457	347,970	-	-	-	347,970
Others	39,104	10,999	275	114,570	164,948	92,613	10,999	3,060	236,677	343,349
<b>Total for segments</b>	<b>54,913,050</b>	<b>1,343,625</b>	<b>1,946,741</b>	<b>1,270,697</b>	<b>59,474,113</b>	<b>110,661,835</b>	<b>2,315,944</b>	<b>3,762,064</b>	<b>2,555,277</b>	<b>119,295,120</b>
<b>Geographic regions of customers</b>										
Kazakhstan	48,898,263	582,786	1,946,741	-	51,427,790	98,770,203	1,000,188	3,762,064	-	103,532,455
Russia	6,014,787	-	-	-	6,014,787	11,891,632	-	-	-	11,891,632
Georgia	-	335,866	-	1,270,697	1,606,563	-	738,857	-	2,555,277	3,294,134
Others	-	424,973	-	-	424,973	-	576,899	-	-	576,899
<b>Total revenue under contracts with customers</b>	<b>54,913,050</b>	<b>1,343,625</b>	<b>1,946,741</b>	<b>1,270,697</b>	<b>59,474,113</b>	<b>110,661,835</b>	<b>2,315,944</b>	<b>3,762,064</b>	<b>2,555,277</b>	<b>119,295,120</b>
<b>Timing of revenue recognition</b>										
At a point in time	50,964,728	1,343,625	1,946,741	1,270,697	55,525,791	102,769,196	2,315,944	3,762,064	2,555,277	111,402,481
Over time	3,948,322	-	-	-	3,948,322	7,892,639	-	-	-	7,892,639
<b>Total revenue under contracts with customers</b>	<b>54,913,050</b>	<b>1,343,625</b>	<b>1,946,741</b>	<b>1,270,697</b>	<b>59,474,113</b>	<b>110,661,835</b>	<b>2,315,944</b>	<b>3,762,064</b>	<b>2,555,277</b>	<b>119,295,120</b>

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 (for the six months ended 30 June 2019 the revenue from the four major customers amounted to 26,809,216 thousand Tenge, 15,987,973 thousand Tenge, 7,920,182 thousand Tenge and 5,618,382 thousand Tenge, respectively).

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

### 18. COST OF SALES

Cost of sales for the three and six months ended 30 June 2020 and 2019 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)	
	2020	2019	2020	2019
Depreciation and amortization	13,369,814	13,169,864	26,672,170	26,613,579
Personnel costs	11,048,897	10,161,381	24,109,160	21,652,574
Taxes other than income tax	2,201,178	2,166,070	4,574,742	4,295,353
Electric energy	1,809,528	1,733,200	3,550,277	3,538,076
Repair and maintenance	1,735,295	1,862,950	3,036,562	3,059,416
Materials and fuel	1,733,145	1,491,425	2,987,173	2,560,022
Security services	1,419,518	1,298,397	2,844,954	2,603,402
Gas expenses	605,319	654,096	1,578,010	1,618,092
Railway services	544,720	446,350	1,240,023	768,062
Food and accommodation	441,341	479,473	919,719	981,520
Insurance	184,458	169,638	346,691	323,930
Post-employment benefits	148,160	134,550	318,053	261,297
Business trip expenses	124,854	256,412	285,748	416,789
Outstaffing services	97,956	95,108	181,456	175,492
Environmental protection	100,183	365,594	170,803	449,882
Communication services	69,397	94,719	158,852	203,904
Transportation services	63,974	45,298	66,633	90,726
Air services	-	-	-	232,315
Other	537,419	632,362	893,426	996,367
<b>Total</b>	<b>36,235,156</b>	<b>35,256,887</b>	<b>73,934,452</b>	<b>70,840,798</b>

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.

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

### 19. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and six months ended 30 June 2020 and 2019 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)	
	2020	2019	2020	2019
Personnel costs	1,858,925	1,858,145	3,669,269	3,590,536
Depreciation and amortization	406,896	313,088	817,034	671,737
Office maintenance	111,584	127,652	258,754	255,710
Repair and maintenance	64,565	73,455	130,234	147,692
Taxes other than income tax	63,582	53,594	127,962	134,093
Consulting services	76,931	61,065	105,309	88,861
Outstaffing services	51,904	50,343	101,036	102,182
Information services	35,198	32,174	68,692	62,303
Communication services	26,576	37,779	54,456	77,307
Write-off of VAT recoverable	21,401	11,580	44,624	42,949
Business trip expenses	834	106,816	44,130	179,242
Bank costs	16,976	15,082	34,923	32,456
Charge/(reversal) of allowance for expected credit losses on trade receivables, net	(17,951)	38,419	32,300	(87,484)
Materials and fuel	4,458	16,994	29,557	33,751
Insurance and security	12,703	16,082	21,827	32,388
Charity expenses	8,784	9,508	17,402	2,217,447
Post-employment benefits	8,049	10,243	16,098	19,593
Administrative fines	-	18,099	-	315,138
Other	74,153	211,209	237,612	414,433
<b>Total</b>	<b>2,825,568</b>	<b>3,061,327</b>	<b>5,811,219</b>	<b>8,330,334</b>

The increase in charity expenses for six months 2019 is associated with the sponsorship for the construction of a facility in the city of Turkestan in the amount of 2,200,000 thousand Tenge.

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

### 20. OTHER OPERATING INCOME/EXPENSES

Other operating income/expenses for the three and six months ended 30 June 2020 and 2019 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)	
	2020	2019	2020	2019
Income from fines and penalties	4,881	592,079	1,391,984	671,639
Income from revision of estimates on provision on asset retirement and land reclamation obligation (Note 15)	1,895,846	-	1,274,254	-
Amortization of deferred income	67,713	61,328	130,841	122,254
Income from disposal of inventories, net	90,015	2,279	98,655	14,702
Other income	23,232	70,227	47,690	83,151
<b>Total</b>	<b>2,081,687</b>	<b>725,913</b>	<b>2,943,424</b>	<b>891,746</b>

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

#### Other operating expenses

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2020	2019	2020	2019
Loss on VAT write-off	-	-	1,823,703	-
Loss on disposal of property, plant and equipment and intangible assets, net	2,514	112,126	31,190	113,379
Impairment of non-current assets held for sale	7,417	-	7,417	960,745
Revision of estimates on provision for asset retirement and land reclamation obligation (Note 15)	-	1,168,348	-	1,168,348
Other expenses	76,480	98,161	113,540	105,637
<b>Total</b>	<b>86,411</b>	<b>1,378,635</b>	<b>1,975,850</b>	<b>2,348,109</b>

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.

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

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

### 21. FINANCE INCOME/EXPENSES

Finance income/expenses for the three and six months ended 30 June 2020 and 2019 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)	
	2020	2019	2020	2019
Interest income on bank deposits and current accounts	766,262	664,620	1,239,345	1,226,552
Income from revision of bond's fair value	37,499	43,079	126,609	89,879
Unwinding of discount on long-term receivables	48,952	-	97,753	-
Reversal of allowance for expected credit losses on cash and cash equivalents and bank deposits, net	33,428	11,758	71,057	19,772
Other finance income	37,837	4,329	41,611	8,410
<b>Total</b>	<b>923,978</b>	<b>723,786</b>	<b>1,576,375</b>	<b>1,344,613</b>

#### Finance expenses

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2020	2019	2020	2019
Unwinding of discount on asset retirement and land reclamation obligation reserve ( <i>Note 15</i> )	517,420	465,089	1,021,756	920,360
Interest cost on employee benefit obligations	295,548	341,892	591,249	622,361
Unwinding of discount on lease liabilities	103,029	159,300	259,427	324,269
<b>Total</b>	<b>915,997</b>	<b>966,281</b>	<b>1,872,432</b>	<b>1,866,990</b>

### 22. INCOME TAX EXPENSE

Income tax expenses for the three and six months ended 30 June 2020 and 2019 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)	
	2020	2019	2020	2019
Current income tax expense	4,133,195	5,173,567	9,869,449	9,662,378
Adjustments of the past periods	-	-	69,953	(83,663)
Deferred income tax benefit	(370,119)	(281,132)	(1,099,576)	(1,017,359)
<b>Income tax expense</b>	<b>3,763,076</b>	<b>4,892,435</b>	<b>8,839,826</b>	<b>8,561,356</b>

Movement in deferred income tax liabilities for the three and six months ended 30 June 2020 and 2019 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)	
	2020	2019	2020	2019
<b>At the beginning of the period (unaudited)</b>	<b>67,887,034</b>	<b>65,604,371</b>	<b>80,564,703</b>	<b>67,394,342</b>
Charged to profit and loss	(370,119)	(281,132)	(1,099,576)	(1,017,359)
Charged to other comprehensive income	(2,456,257)	(990,928)	(14,404,595)	(1,938,663)
Changes in accounting policy	-	-	-	(106,009)
Currency translation	(85)	-	41	-
<b>At the end of the period (unaudited)</b>	<b>65,060,573</b>	<b>64,332,311</b>	<b>65,060,573</b>	<b>64,332,311</b>

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

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**23. 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)****23. 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 2020 and 2019:

	For the three months ended 30 June 2020 (unaudited)					For the three months ended 30 June 2019 (unaudited)				
	Oil transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Water transportation (Kazakhstan)	Other	Total segments	Oil transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Water transportation (Kazakhstan)	Other	Total segments
<i>In thousands of Tenge</i>										
<b>Revenue</b>										
External customers	56,942,764	1,347,950	1,717,065	1,864,608	61,872,387	54,913,050	1,343,625	1,946,741	1,270,697	59,474,113
<b>Total revenue</b>	<b>56,942,764</b>	<b>1,347,950</b>	<b>1,717,065</b>	<b>1,864,608</b>	<b>61,872,387</b>	<b>54,913,050</b>	<b>1,343,625</b>	<b>1,946,741</b>	<b>1,270,697</b>	<b>59,474,113</b>
<b>Financial results</b>										
Impairment of property, plant and equipment through profit and loss	(509)	-	-	-	(509)	(40,421)	(3,418,161)	-	-	(3,458,582)
Depreciation and amortization	(12,388,524)	(213,912)	(931,596)	(242,678)	(13,776,710)	(12,176,481)	(509,164)	(561,756)	(235,551)	(13,482,952)
Interest income on bank deposits and current accounts	660,799	18,706	52,832	33,925	766,262	599,202	18,972	41,451	4,995	664,620
Share in income of joint ventures	9,681,311	-	-	-	9,681,311	3,679,728	-	-	-	3,679,728
Income tax (expense)/ benefits	(4,082,620)	-	319,544	-	(3,763,076)	(4,812,918)	-	(79,517)	-	(4,892,435)
<b>Segment profit/(loss) for the period</b>	<b>24,968,410</b>	<b>(118,583)</b>	<b>(734,986)</b>	<b>622,301</b>	<b>24,737,142</b>	<b>20,052,118</b>	<b>(3,363,273)</b>	<b>(595,388)</b>	<b>(338,821)</b>	<b>15,754,636</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****23. 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 2020 and 31 December 2019:

<i>In thousands of Tenge</i>	For the six months ended 30 June 2020 (unaudited)					For the six months ended 30 June 2019 (unaudited)				
	Oil transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Water transportation (Kazakhstan)	Other	Total segments	Oil transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Water transportation (Kazakhstan)	Other	Total segments
<b>Revenue</b>										
External customers	109,046,069	2,698,992	3,517,198	3,418,561	118,680,820	110,661,835	2,315,944	3,762,064	2,555,277	119,295,120
<b>Total revenue</b>	<b>109,046,069</b>	<b>2,698,992</b>	<b>3,517,198</b>	<b>3,418,561</b>	<b>118,680,820</b>	<b>110,661,835</b>	<b>2,315,944</b>	<b>3,762,064</b>	<b>2,555,277</b>	<b>119,295,120</b>
<b>Financial results</b>										
Impairment of property, plant and equipment through profit and loss	(509)	-	-	-	(509)	(40,421)	(3,418,161)	-	-	(3,458,582)
Depreciation and amortization	(24,727,080)	(416,039)	(1,863,675)	(482,410)	(27,489,204)	(24,379,051)	(1,015,738)	(1,422,104)	(468,423)	(27,285,316)
Interest income on bank deposits and current accounts	1,037,177	33,591	100,180	68,397	1,239,345	1,099,915	21,240	81,122	24,275	1,226,552
Share in income of joint ventures	3,630,981	-	-	-	3,630,981	7,893,825	-	-	-	7,893,825
Income tax (expense)/benefits	(9,247,119)	-	407,293	-	(8,839,826)	(8,562,339)	-	983	-	(8,561,356)
<b>Segment profit/(loss) for the period</b>	<b>38,497,009</b>	<b>(545,950)</b>	<b>(1,204,335)</b>	<b>1,423,761</b>	<b>38,170,485</b>	<b>38,661,346</b>	<b>(4,047,313)</b>	<b>(767,610)</b>	<b>(28,826)</b>	<b>33,817,597</b>
<i>In thousands of Tenge</i>	As at 30 June 2020 (unaudited)					As at 31 December 2019 (audited)				
	Oil transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Water transportation (Kazakhstan)	Other	Total segments	Oil transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Water transportation (Kazakhstan)	Other	Total segments
Total assets	705,349,110	36,574,650	52,760,171	16,958,193	811,642,124	822,992,325	34,273,177	37,714,300	17,833,668	912,813,470
Total liabilities	154,008,332	6,443,895	1,566,671	11,006,285	173,025,183	191,124,015	5,450,760	1,219,239	12,040,490	209,834,504



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

### 24. 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 2020 and 2019 and also the related balances as at 30 June 2020 and 31 December 2019.

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

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
<b>Trade and other accounts receivable from related parties</b>			
Trade accounts receivable from joint ventures of the Company		<b>4,917,009</b>	931,715
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		<b>985,159</b>	875,953
Trade accounts receivable from entities under common control of KMG		<b>898,563</b>	639,045
<b>Total trade accounts receivable from related parties</b>	<b>6</b>	<b>6,800,731</b>	2,446,713
Other accounts receivable from entities under common control of Samruk-Kazyna Group		<b>509</b>	509
<b>Total other accounts receivable from related parties</b>	<b>6</b>	<b>509</b>	509
Less: allowance for expected credit losses		<b>(16,709)</b>	(4,586)
<b>Total trade and other accounts receivable from related parties</b>		<b>6,784,531</b>	2,442,636

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

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2020 (unaudited)</b>	31 December 2019 (audited)
<b>Advances paid to related parties</b>			
Advances paid to entities under common control of KMG		<b>247,614</b>	548,107
Advances paid to entities under common control of Samruk-Kazyna Group		<b>47,395</b>	1,105
<b>Total advances paid to related parties</b>		<b>295,009</b>	549,212

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

### 24. RELATED PARTY TRANSACTIONS (continued)

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

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019 (audited)</b>
<b>Trade accounts payable to related parties for goods and services</b>			
Trade accounts payable to entities under common control of KMG		563,297	815,957
Trade accounts payable to entities under common control of Samruk-Kazyna Group		488,515	2,919,074
Trade accounts payable to joint ventures of the Company		15,498	8,684
<b>Total trade accounts payable to related parties for goods and services</b>	13	<b>1,067,310</b>	<b>3,743,715</b>
Other payables to entities under common control of Samruk-Kazyna Group			
		-	2,344
Other payables to joint ventures of the Company			
		-	1,837
<b>Total other accounts payable to related parties</b>	13	<b>-</b>	<b>4,181</b>
<b>Total trade and other accounts payable to related parties</b>		<b>1,067,310</b>	<b>3,747,896</b>

Advances received from related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019 (audited)</b>
<b>Advances received from related parties</b>			
Advances received from entities under common control of KMG		12,160,637	10,979,288
Advances received from entities under common control of Samruk-Kazyna Group		224,788	241,608
<b>Total advances received from related parties</b>	14	<b>12,385,425</b>	<b>11,220,896</b>

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019 (audited)</b>
<b>Accounts payable for oil transportation coordination services to related parties</b>			
Accounts payable for oil transportation coordination services to entities under common control of KMG		7,564,293	8,193,956
<b>Total accounts payable for oil transportation coordination services to related parties</b>	16	<b>7,564,293</b>	<b>8,193,956</b>
<b>Employee benefits obligation of key management personnel</b>			
Employee benefits obligation of key management personnel		59,090	52,873
<b>Total employee benefits obligation of key management personnel</b>		<b>59,090</b>	<b>52,873</b>
<b>Total other current liabilities to related parties</b>		<b>7,623,383</b>	<b>8,246,829</b>

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

### 24. 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)	
	2020	2019	2020	2019
<b>Sales to related parties</b>				
Revenue from main activities with entities under common control of KMG	32,008,655	31,485,844	62,974,881	63,500,270
Revenue from main activities with joint ventures of the Company	2,680,043	2,336,531	5,038,445	4,675,078
Revenue from main activities with entities under common control of Samruk-Kazyna Group	1,958,468	2,004,518	3,745,850	3,986,528
Revenue from other activities with entities under common control of KMG	923	518,138	65,055	521,319
Revenue from other activities with entities under common control of Samruk-Kazyna Group	158	467	19,274	5,201
<b>Total</b>	<b>36,648,247</b>	<b>36,345,498</b>	<b>71,843,505</b>	<b>72,688,396</b>

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

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

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2020	2019	2020	2019
<b>Purchases from related parties</b>				
Purchases of services from entities under common control of KMG	1,321,146	2,550,802	2,844,850	4,133,618
Purchases of property, plant and equipment and intangible assets from entities under common control of Samruk-Kazyna Group	587,276	7,236,956	993,973	10,797,231
Purchases of services from entities under common control of Samruk-Kazyna Group	437,345	656,700	898,023	1,084,812
Purchases of services from joint ventures of the Company	32,136	20,616	51,392	41,232
Purchases of inventory entities under common control of Samruk-Kazyna Group	90	45	90	90
Purchases of inventory from entities under common control of KMG	76	80	76	572,619
Purchases of property, plant and equipment and intangible assets from entities under common control of KMG	-	84,304	-	166,370
<b>Total</b>	<b>2,378,069</b>	<b>10,549,503</b>	<b>4,788,404</b>	<b>16,795,972</b>

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

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)	
		2020	2019
<b>Cash flows to related parties</b>			
Dividends paid to the KMG	11	40,848,301	-
Repayment of contribution liability to charter capital of a joint venture of the Company	4	5,000,000	-
<b>Total</b>		<b>45,848,301</b>	<b>-</b>

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

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**24. RELATED PARTY TRANSACTIONS (continued)**

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

**25. 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 2019. During the six months ended 30 June 2020 there were no significant changes, except for the following:

**Contractual commitments to acquire property, plant and equipment**

As at 30 June 2020 the Group had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 41,884,824 thousand Tenge (31 December 2019: 22,828,704 thousand Tenge). These contractual obligations are part of investment program.

Share of the Group as at 30 June 2020 in contractual obligations of joint ventures to acquire property, plant and equipment, and construction services amounted to 5,994,682 thousand Tenge (31 December 2019: 8,193,937 thousand Tenge).

**Investment program commitments of the Company**

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

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

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

On 29 April 2020 the Company sent a report to the CRNM on the implementation of the investment program in terms of the indicators of 2019. Upon the completion of the consideration of this report by the CRNM, the amount of the temporary compensating tariff will be determined due to the failure to fulfill certain measures of the investment program as a whole for the period of 2015-2019. In accordance with the Law of the Republic of Kazakhstan *On Natural Monopolies*, the temporary compensating tariff is applied for subsequent periods from the first day of the second month following the month when the CRNM analyzes the specified report.

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

**Investment program commitments of joint venture**

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") issued a ruling in the case of an administrative offense dated 3 August 2020 in relation to KCP, which indicates the failure of KCP to comply with the approved KCP investment program for 2015-2019. In August of the current year KCP sent a complaint against said decision to the specialized inter-district administrative court of Almaty.

On 29 April 2020 the KCP sent a report to the DCRNM on the implementation of the investment program in terms of the indicators 2019. Upon the completion of the DCRNM's consideration of this report, the amount of the temporary compensating tariff will be determined regarding the failure to fulfill the investment program for the whole period of 2015-2019.

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

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**25. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****Investment program commitments of joint venture (continued)**

A temporary compensating tariff may be applied to the service for pumping oil in relation to subsequent periods from the first day of the second month following the month when DCRNM analyzes the specified report.

The management of KCP has assessed the risks taking into consideration the maximum estimated amount of application of the temporary compensating tariff in relation to the projected working capital for the next 12 months and came to the conclusion that KCP will have sufficient liquidity to continue to carry out its activities to full extent.

**Tax liabilities of enterprises in Georgia**

In 2015 Georgian Tax Authorities (“GTA”) additionally accrued taxes and fines in the amount of 2,386 thousand US Dollars (equivalent to 963,777 thousand Tenge) as a result of tax inspections of BSP for the period of 2010-2014. BSP did not agree with the decision of GTA and filed an appeal to the audit department of the Georgian Revenue Service.

As a result, in 2017 by the decision of the audit department of the Georgian Revenue Service, the accrued taxes were reduced to 1,565 thousand US Dollars (equivalent to 632,150 thousand Tenge), including penalties in the amount of 570 thousand US Dollars (equivalent to 230,240 thousand Tenge). BSP filed another appeal to the Council of Dispute Resolution of the Georgia Revenue Service (“Council”). By a decision issued on September 25, 2019, Council did not satisfy BSP’s complaint regarding the main amounts of accrued taxes, while the BSP’s complaint regarding fines was satisfied.

On 21 October 2019 BSP appealed against the decision of the Council in Kutaisi City Court. Also, as a result of Council’s decision, by the decision of the audit department of the Georgian Revenue Service dated 12 February 2020, the fine was reduced to 15 thousand US Dollars, but the penalty for the expected expiry of unpaid additionally accrued, but not recognized, tax was increased by 386 thousand US Dollars. Accordingly, as at 30 June 2020, the amount of additionally accrued taxes and fines assessed amounted to 1,936 thousand US Dollars (equivalent to 782,008 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 and paid off tax liabilities in the amount of 313 thousand US Dollars (equivalent to 126,430 thousand Tenge) and accrued tax provisions in the amount of 439 thousand US Dollars (equivalent to 177,325 thousand Tenge). The remaining amount of 1,184 thousand US Dollars (equivalent to 478,253 thousand Tenge) for BSP for the audit period of 2010-2014 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.

**Termination of the BSP management agreement**

In accordance with BSP Management Right 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 the opinion of the management of the Group, as at 30 June 2020, BSP was not subject to the risk of termination of this agreement by the Georgia Government, since the actual transshipment through the BSP for the six months of 2020 amounted to 3.159 million tons (as at 31 December 2019: 5.9 million tons).

**26. 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.

**27. SUBSEQUENT EVENTS****Sponsorship**

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