

KazTransOil JSC

Interim condensed consolidated financial statements

For the six months ended 30 June 2023



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Interim condensed consolidated financial statements

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«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 5960
Факс: +7 727 258 5961
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 5960
Факс: +7 727 258 5961

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 5960
Fax: +7 727 258 5961

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 condensed consolidated statement of financial position as at 30 June 2023 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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



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Conclusion

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

Ernst & Young LLP



Adil Syzdykov
Auditor

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

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

14 August 2023



Olga Khegay
Acting General Director
Ernst and Young LLP

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of Tenge</i>	Notes	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
Assets			
Non-current assets			
Property, plant and equipment	3	1,010,981,926	974,595,927
Right-of-use assets	6	7,696,037	917,065
Intangible assets		8,302,417	8,515,332
Investments in joint ventures	4	102,137,112	94,588,186
Advances to suppliers for property, plant and equipment	5	18,718,797	29,219,803
VAT recoverable		9,317,136	4,314,632
Other long-term accounts receivable		946,659	883,284
Bank deposits		822,597	945,452
Other non-current assets		275,345	360,146
		1,159,198,026	1,114,339,827
Current assets			
Inventories		9,241,691	8,758,265
Trade and other accounts receivable	7	8,035,584	8,366,581
Advances to suppliers		1,134,180	1,787,294
Prepayment for income tax		319,346	1,878,426
VAT recoverable and other prepaid taxes		8,792,964	8,439,215
Other current assets	8	10,299,632	6,668,085
Cash and cash equivalents	9	92,738,549	85,157,538
		130,561,946	121,055,404
Non-current assets held for sale		22,729	22,729
		130,584,675	121,078,133
Total assets		1,289,782,701	1,235,417,960

*Explanatory notes on pages 8 through 35 form
an integral part of these interim condensed consolidated financial statements.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of Tenge</i>	Notes	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
Equity and liabilities			
Equity			
Share capital		61,937,567	61,937,567
Treasury shares repurchased from shareholders		(9,549)	(9,549)
Asset revaluation reserve	10	400,182,838	423,217,162
Foreign currency translation reserve		46,660,555	46,952,044
Other capital reserves		(188,145)	(188,145)
Retained earnings		427,363,835	380,544,246
Total equity		935,947,101	912,453,325
Non-current liabilities			
Loans received	11	44,179,097	29,760,793
Issued debt securities	12	28,357,966	-
Employee benefit obligations		18,725,149	18,096,363
Deferred tax liabilities	23	104,161,752	107,509,698
Provision for asset retirement and land recultivation obligation	16	41,934,534	40,664,979
Contract liabilities to customers	13	33,403,683	35,132,179
Lease liabilities	15	5,943,046	198,450
		276,705,227	231,362,462
Current liabilities			
Issued debt securities	12	44,444	-
Current part of employee benefit obligations		957,503	1,046,911
Income tax payable		1,484,685	1,470,302
Trade and other accounts payable	14	8,569,455	19,230,822
Lease liabilities	15	2,228,069	942,217
Contract liabilities to customers	13	28,929,361	29,529,193
Other taxes payable		8,848,303	8,740,967
Provisions	16	1,378,361	1,309,778
Other current liabilities	17	24,690,192	29,331,983
		77,130,373	91,602,173
Total liabilities		353,835,600	322,964,635
Total equity and liabilities		1,289,782,701	1,235,417,960
Book value per ordinary share (in Tenge)	10	2,412	2,350

Signed and approved for issue on 14 August 2023.

Acting General Director (Chairman of the Management Board)



Abdirov T.K.

Acting Chief Accountant

Sarmagambetova M.K.

*Explanatory notes on pages 8 through 35 form
an integral part of these interim condensed consolidated financial statements.*

INTERIM CONDENSED 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)	
		2023	2022	2023	2022
Revenue	18	69,062,924	60,395,335	136,914,493	116,456,652
Cost of sales	19	(58,464,840)	(56,299,772)	(118,670,426)	(101,644,404)
Gross profit		10,598,084	4,095,563	18,244,067	14,812,248
General and administrative expenses	20	(3 373 408)	(3,144,076)	(6,777,527)	(6,508,760)
Other operating income	21	1,500,881	313,449	1,564,889	760,579
Other operating expenses	21	(113,934)	(365,160)	(145,831)	(286,873)
Operating profit		8,611,623	899,776	12,885,598	8,777,194
Net foreign exchange gain/(loss)		384,669	(416,217)	81,448	1,947,559
Finance income	22	2,376,166	653,042	4,885,079	1,144,494
Finance costs	22	(1,909,597)	(1,417,233)	(3,328,207)	(2,389,499)
Share in income of joint ventures	4	4,057,427	6,297,211	9,434,596	9,123,261
Profit before income tax		13,520,288	6,016,579	23,958,514	18,603,009
Income tax expense	23	(2,017,503)	(401,050)	(3,636,242)	(2,776,040)
Net profit for the period		11,502,785	5,615,529	20,322,272	15,826,969
Other comprehensive (loss)/income					
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</i>					
Exchange difference from translation of foreign operations of the Group		(497,743)	1,821,522	(291,489)	5,015,918
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net		(497,743)	1,821,522	(291,489)	5,015,918

Explanatory notes on pages 8 through 35 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED 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)	
		2023	2022	2023	2022
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods					
(Impairment)/revaluation of property, plant and equipment of the Group, net		35,659,621	32,329,502	(3,890,101)	10,807,607
Income tax effect	23	(7,131,923)	(6,465,900)	778,021	(2,161,521)
		28,527,698	25,863,602	(3,112,080)	8,646,086
(Charge)/reversal of provision for asset retirement and land recultivation obligation of the Group	16	1,057,105	4,463,997	(180,306)	7,195,171
Income tax effect	23	(211,421)	(892,800)	36,061	(1,439,035)
		845,684	3,571,197	(144,245)	5,756,136
(Charge)/reversal of provision on asset retirement and land recultivation obligation of the joint ventures		(954,941)	1,411,073	(531,649)	2,383,077
Income tax effect		190,989	(282,215)	106,330	(476,616)
	4	(763,952)	1,128,858	(425,319)	1,906,461
Actuarial income from employee benefit obligations of the Group		-	247,104	-	247,104
Income tax effect	23	-	(6,792)	-	(6,792)
		-	240,312	-	240,312
Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods, net		28,609,430	30,803,969	(3,681,644)	16,548,995
Total other comprehensive (loss)/income for the period, net of tax		28,111,687	32,625,491	(3,973,133)	21,564,913
Total comprehensive income for the period, net of tax		39,614,472	38,241,020	16,349,139	37,391,882
Basic and diluted earnings per share (in Tenge)	10	30	15	53	41

Signed and approved for issue on 14 August 2023.

Acting General Director (Chairman of the Management Board)



Abdirov T.K.

Acting Chief Accountant

Sarmagambetova M.K.

Explanatory notes on pages 8 through 35 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2023	2022
Cash flows from operating activities			
Profit before income tax		23,958,514	18,603,009
Adjustment to reconcile profit before income tax to net cash flows			
Depreciation and amortization	19, 20	36,723,882	27,061,265
Share in income of joint ventures	4	(9,434,596)	(9,123,261)
Finance income	22	(4,885,079)	(1,144,494)
Finance expenses	22	3,328,207	2,389,499
Foreign exchange gain, net		(81,448)	(1,947,559)
Amortisation of deferred income		(1,546,523)	(1,187,243)
Revision of estimates, reversal and charge of asset retirement and land reclamation obligation, net	21	(1,018,048)	(138,877)
Employee benefits expenses, current service costs	19, 20	358,132	482,969
VAT expenses	20	130,210	50,674
Charge of short-term provisions	20	67,770	55,357
Charge of allowance for expected credit losses, net	20	53,201	132,262
Loss on disposal of property, plant and equipment and intangible assets, net	21	35,362	137,047
Actuarial losses	21	-	45,500
Others		(59,453)	29,846
Operating cash flows before working capital changes		47,630,131	35,445,994
(Increase)/decrease in operating assets			
Inventories		(356,387)	59,411
Trade and other accounts receivable		278,486	(3,134,385)
Advances to suppliers		1,900,602	(2,326,570)
VAT recoverable and other prepaid taxes		(6,154,630)	(794,626)
Other current assets		1,171,789	(2,475,934)
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		(3,785,522)	(412,384)
Contract liabilities to customers		(504,589)	2,850,710
Other taxes payable		924,716	2,932,040
Other current and non-current liabilities and employee benefit obligations		(5,626,175)	3,266,974
Cash generated from operating activities		35,478,421	35,411,230
Income taxes paid		(3,908,926)	(6,717,541)
Interest received		4,176,024	867,658
Net cash flows from operating activities		35,745,519	29,561,347

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2023	2022
Cash flows from investing activities			
Dividends received	25	1,460,351	-
Withdrawal of bank deposits		120,163	9,055,534
Proceeds from bonds redemption		80,767	6,749
Purchase of property, plant and equipment and intangible assets		(69,944,686)	(22,491,055)
Purchase of other financial assets	8	(5,000,000)	-
Proceeds from sale of non-current assets held for sale and property, plant and equipment		-	24,303
Net cash flows used in investing activities		(73,283,405)	(13,404,469)
Cash flows from financing activities			
Proceeds from debt securities issued	12	50,000,000	-
Proceeds from loans received	11	11,800,000	-
Dividends paid	10	(15,000,496)	(10,000,331)
Payment of lease liabilities	15	(1,223,064)	(1,306,076)
Net cash flows used in financing activities		45,576,440	(11,306,407)
Net change in cash and cash equivalents		8,038,554	4,850,471
Net foreign exchange difference		(463,219)	1,717,119
Change in allowance for expected credit losses		5,676	(11,478)
Cash and cash equivalents at the beginning of the period		85,157,538	40,498,972
Cash and cash equivalents at the end of the period		92,738,549	47,055,084

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Acting General Director (Chairman of the Management Board)



Abdirov T.K.

Acting Chief Accountant

Sarmagambetova M.K.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Foreign currency translation reserve	Other capital reserves	Retained earnings	Total
As at 31 December 2021 (audited)	61,937,567	(9,549)	285,685,165	40,632,765	(4,310,257)	353,172,325	737,108,016
Net profit for the period	-	-	-	-	-	15,826,969	15,826,969
Other comprehensive income	-	-	16,308,683	5,015,918	240,312	-	21,564,913
Total comprehensive income for the period	-	-	16,308,683	5,015,918	240,312	15,826,969	37,391,882
Amortization of revaluation reserve for property, plant and equipment	-	-	(7,489,010)	-	-	7,489,010	-
Dividends (Note 10)	-	-	-	-	-	(10,000,331)	(10,000,331)
As at 30 June 2022 (unaudited)	61,937,567	(9,549)	294,504,838	45,648,683	(4,069,945)	366,487,973	764,499,567
As at 31 December 2022 (audited)	61,937,567	(9,549)	423,217,162	46,952,044	(188,145)	380,544,246	912,453,325
Net profit for the period	-	-	-	-	-	20,322,272	20,322,272
Other comprehensive loss	-	-	(3,681,644)	(291,489)	-	-	(3,973,133)
Total comprehensive income for the period	-	-	(3,681,644)	(291,489)	-	20,322,272	16,349,139
Amortization of revaluation reserve for property, plant and equipment	-	-	(19,352,680)	-	-	19,352,680	-
Dividends (Note 10)	-	-	-	-	-	(15,000,496)	(15,000,496)
Other operations with shareholder (Note 10)	-	-	-	-	-	22,145,133	22,145,133
As at 30 June 2023 (unaudited)	61,937,567	(9,549)	400,182,838	46,660,555	(188,145)	427,363,835	935,947,101

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Acting General Director (Chairman of the Management Board)

Acting Chief Accountant



Abdirov T.K.

Sarmagambelova M.K.

Explanatory notes on pages 8 through 35 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 2023****1. GENERAL INFORMATION**

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

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

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

As at 30 June 2023 10% of shares of the Company are owned by minority shareholders who acquired them within the “People’s IPO” program. The major shareholder of the Company, who owns the controlling interest of the Company (90%) is National Company “KazMunayGas” JSC (hereinafter “KMG” or “Parent Company”). As at 30 June 2023 87.42% of KMG shares belong to the Government of the Republic of Kazakhstan represented by Sovereign Wealth Fund “Samruk-Kazyna” JSC (hereinafter – “Samruk-Kazyna”), 9.58% of KMG shares belong to the Republic State Institution «National Bank of the Republic of Kazakhstan» and 3% are in free circulation of the Astana International Exchange (AIX) and Kazakhstan Stock Exchange (hereinafter – “KASE”). The Government of the Republic of Kazakhstan is the sole shareholder of Samruk-Kazyna.

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

	Place of incorporation	Principal activities	Ownership	
			30 June 2023	31 December 2022
“MunaiTas” NWPC LLP (hereinafter – “MunaiTas”)	Kazakhstan	Oil transportation	51%	51%
“Kazakhstan-China Pipeline” LLP (hereinafter – “KCP”)	Kazakhstan	Oil transportation	50%	50%
“Batumi Oil Terminal” (hereinafter – “BOT”)*	Georgia	Forwarding, transshipment and storage of oil and oil products and operating of Batumi Sea Port	100%	100%
“Petrotrans Limited” (hereinafter – “PTL”)	United Arab Emirates	Forwarding of oil and oil products	100%	100%
“Main Waterline” LLP (hereinafter – “Main Waterline”)	Kazakhstan	Water transportation	100%	100%

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

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

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

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

The Company is the national operator of the Republic of Kazakhstan on the main oil pipeline. The Group operates network of main oil pipelines of 5,373 km and water pipelines of 2,105 km.

The Company provides services for the transportation of oil through main oil pipelines, a transport expedition of Kazakhstani oil through pipelines of other states, services for the operation and maintenance of oil pipelines of other organizations, including joint venture of the Company. The Company’s joint ventures MunaiTas and KCP own Kenkiyak-Atyrau, Kenkiyak-Kumkol, and Atasu-Alashankou pipelines mainly used for transportation of Kazakhstani crude oil, and also for transit of Russian oil to China.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

The Company is a natural monopolist and, respectively, is subject to regulation of the Committee on Regulation of Natural Monopolies 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 2023, the approved tariff for pumping oil to the domestic market is 4,355.57 Tenge per ton for 1,000 kilometers without VAT (from 1 January 2022 to 31 August 2022: 3,728.82 Tenge per ton for 1,000 kilometers without VAT; from 1 September 2022 to 30 November 2022: 4,328.04 Tenge per ton for 1,000 kilometers without VAT; from 1 December 2022 to 31 December 2022: 4,355.57 Tenge per ton for 1,000 kilometers without VAT).

Tariff for pumping oil on export from the Republic of Kazakhstan starting from 1 March 2020, was 7,358.76 Tenge per ton for 1,000 kilometers without VAT. Starting from 1 June 2022, tariff for the specified service was put into effect in the amount of 8,830.51 Tenge per ton for 1,000 km without VAT.

Tariff for pumping oil for transit through Kazakhstani part of main oil pipeline “Tuymazy – Omsk – Novosibirsk-2” starting from 1 April 2018 is 4,292.40 Tenge per ton for 1,000 kilometers without VAT.

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

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

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

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 2023 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 2022.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

New and amended standards and interpretations applied by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective as at 1 January 2023. 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 2023. The nature and the impact of each new standard and amendment are described below:

IFRS 17 Insurance Contracts

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

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

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

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

The amendments had no impact on the Group's interim condensed consolidated financial statements.

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Seasonality of operations

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

Foreign currency translation

Weighted average currency exchange rates established by KASE are used as official currency exchange rates in the Republic of Kazakhstan.

Weighted average currency exchange rates for the six months ended 30 June 2023 and 2022 are as follows:

<i>Tenge</i>	For the six months ended 30 June	
	2023	2022
US Dollars	451.80	450.06
Russian Rubles	5.89	6.08
Euro	488.19	492.40
Georgian Lari	176.35	149.12

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

<i>Tenge</i>	30 June 2023	31 December 2022
US Dollars	452.51	462.65
Russian Rubles	5.14	6.43
Euro	490.70	492.86
Georgian Lari	175.05	173.28

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

Property, plant and equipment as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
Gross carrying amount as at 31 December 2022 (audited)	35,758,195	288,748,783	25,773,334	114,694,800	248,506,840	223,788,482	11,777,797	28,277,398	977,325,629
Foreign currency translation	(541,243)	-	(21,973)	47,265	21,835	-	(815)	(20,362)	(515,293)
Additions	4,761	-	217,399	391,982	365,207	-	16,827	72,397,436	73,393,612
Capitalized costs on debt financial instruments (<i>Note 11,12</i>)	-	-	-	-	-	-	-	3,248,447	3,248,447
Disposals	(10,842)	(249,245)	(98,423)	(416,816)	(151,694)	(484)	(70,469)	(12,835)	(1,010,808)
Impairment (through revaluation reserve)	-	-	-	-	-	(3,890,101)	-	-	(3,890,101)
Transfers from construction in progress	-	104,097	217	2,026,153	4,761,323	-	336,143	(7,227,933)	-
Transfers and reclassifications	-	(1,197,382)	-	(55,989)	(457,846)	-	(302)	1,711,519	-
Gross carrying amount as at 30 June 2023 (unaudited)	35,210,871	287,406,253	25,870,554	116,687,395	253,045,665	219,897,897	12,059,181	98,373,670	1,048,551,486
Accumulated depreciation and impairment as at 31 December 2022 (audited)	-	-	(213,245)	(382,770)	(2,090,550)	-	(43,137)	-	(2,729,702)
Foreign currency translation	-	-	2,144	1,509	2,812	-	226	-	6,691
Depreciation charge	-	(10,842,576)	(2,734,223)	(3,772,145)	(15,989,426)	-	(1,945,164)	-	(35,283,534)
Disposals	-	121,288	83,452	32,950	129,391	-	69,904	-	436,985
Accumulated depreciation and impairment as at 30 June 2023 (unaudited)	-	(10,721,288)	(2,861,872)	(4,120,456)	(17,947,773)	-	(1,918,171)	-	(37,569,560)
As at 30 June 2023 (unaudited)									
Gross carrying amount	35,210,871	287,406,253	25,870,554	116,687,395	253,045,665	219,897,897	12,059,181	98,373,670	1,048,551,486
Accumulated depreciation and impairment	-	(10,721,288)	(2,861,872)	(4,120,456)	(17,947,773)	-	(1,918,171)	-	(37,569,560)
Net book value	35,210,871	276,684,965	23,008,682	112,566,939	235,097,892	219,897,897	10,141,010	98,373,670	1,010,981,926
As at 31 December 2022 (audited)									
Gross carrying amount	35,758,195	288,748,783	25,773,334	114,694,800	248,506,840	223,788,482	11,777,797	28,277,398	977,325,629
Accumulated depreciation and impairment	-	-	(213,245)	(382,770)	(2,090,550)	-	(43,137)	-	(2,729,702)
Net book value	35,758,195	288,748,783	25,560,089	114,312,030	246,416,290	223,788,482	11,734,660	28,277,398	974,595,927

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 30 June 2023 construction in progress mainly includes the following production facilities:

- Replacement of pipeline sections of main oil pipelines and main waterline;
- Replacement, reconstruction and construction of the objects of main oil pipeline and main waterline (pumping stations, communication lines, power supply, automation system and others);

As at 30 June 2023:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated property, plant and equipment still in use was 144 thousand Tenge (as at 31 December 2022: zero thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 1,817,383 thousand Tenge (as at 31 December 2022: 3,191,264 thousand Tenge), which were acquired for construction works.

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

During the six months period ended 30 June 2023, additions to the construction in progress are mainly related to the works on the project "Reconstruction and expansion of the main waterline "Astrakhan-Mangyshlak" 1st stage" and the replacement of pipeline sections of "Uzen-Atyrau-Samara" main oil pipeline.

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

4. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Investments in KCP	75,712,628	67,061,202
Investments in MunaiTas	26,424,484	27,526,984
Total	102,137,112	94,588,186

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

<i>In thousands of Tenge</i>	Total
As at 31 December 2022 (audited)	94,588,186
Share in income of joint ventures	9,434,596
Share in other comprehensive loss of joint ventures	(425,319)
Dividends	(1,460,351)
As at 30 June 2023 (unaudited)	102,137,112

Based on the decision of General meeting of MunaiTas members dated 5 June 2023, the Company accrued and received the dividends in the amount of 1,460,351 thousand Tenge based on the 2022 results (Note 25).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. INVESTMENTS IN JOINT VENTURES (continued)

The Company's share in comprehensive income of joint ventures for the three and six months periods ended 30 June 2023 and 2022 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)	
	2023	2022	2023	2022
Share in income of joint ventures				
KCP	3,729,890	5,809,283	8,219,234	7,993,512
MunaiTas	327,537	487,928	1,215,362	1,129,749
Total share in income of joint ventures	4,057,427	6,297,211	9,434,596	9,123,261
Share in other comprehensive (loss)/income of joint ventures				
KCP	(198,249)	975,007	432,192	1,694,969
MunaiTas	(565,703)	153,851	(857,511)	211,492
Total share in other comprehensive (loss)/income of joint ventures	(763,952)	1,128,858	(425,319)	1,906,461
Total share in comprehensive income of joint ventures	3,293,475	7,426,069	9,009,277	11,029,722

5. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

Advances to suppliers for property, plant and equipment as at 30 June 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Advances to third parties for property, plant and equipment and construction services	19,586,573	30,105,831
Less: allowance for impairment	(867,776)	(886,028)
Total	18,718,797	29,219,803

As at 30 June 2023, the increase in advances issued for property, plant and equipment is mainly due to the execution of work on the project "Reconstruction and expansion of the main waterline "Astrakhan-Mangyshlak (1st stage)", which is financed by the loan received and issued bonds (Notes 11, 12).

6. RIGHT-OF-USE ASSETS

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

<i>In thousands of Tenge</i>	Right-of-use assets				Total
	Land and other assets	Transportation assets	Buildings and constructions	Machinery, equipment and transfer devices	
Net book value as at 31 December 2022 (audited)	69,072	363,070	325,020	159,903	917,065
Additions (Note 15)	–	7,840,719	–	–	7,840,719
Modification of agreement (Note 15)	–	181,955	–	–	181,955
Disposals	(2,129)	(4,706,843)	(483,668)	–	(5,192,640)
Accumulated depreciation on disposal	2,129	4,706,843	348,338	–	5,057,310
Amortization charge	(1,234)	(957,695)	(109,349)	(40,094)	(1,108,372)
Net book value as at 30 June 2023 (unaudited)	67,838	7,428,049	80,341	119,809	7,696,037

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. TRADE AND OTHER ACCOUNTS RECEIVABLE

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

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Trade accounts receivable from third parties	8,258,799	7,576,115
Trade accounts receivable from related parties (Note 25)	5,209,314	6,291,233
Other accounts receivable from third parties	515,403	705,492
Other accounts receivable from related parties (Note 25)	509	509
Less: allowance for expected credit losses	(5,948,441)	(6,206,768)
Total	8,035,584	8,366,581

Short-term trade and other accounts receivable of the Group as at 30 June 2023 and 31 December 2022 are denominated in the following currencies:

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Tenge	6,794,146	7,719,948
US Dollars	1,218,157	635,219
Russian Rubles	2,918	2,624
Other currency	20,363	8,790
Total	8,035,584	8,366,581

8. OTHER CURRENT ASSETS

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

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Other current financial assets		
Notes of the National Bank of the RK	5,004,284	-
Investments in bonds	612,505	809,649
Due from employees	115,223	11,163
Other	19,306	18,571
	5,751,318	839,383
Other current non-financial assets		
Due for oil transportation coordination services	3,765,579	5,299,968
Prepaid insurance	661,686	223,958
Deferred expenses from third parties	120,596	304,312
Other	453	464
	4,548,314	5,828,702
Total	10,299,632	6,668,085

Notes of the National Bank of the RK

In order to generate investment income, the Group purchased short term notes of the National Bank of the Republic of Kazakhstan in the amount of 5,000,000 thousand Tenge (purchase date: 29 June 2023, term: 27 days, redemption amount: 5,061,943 thousand Tenge), recognized as financial assets carried at amortised cost. During the period ended 30 June 2023 the Group recognized finance income in the amount of 4,588 thousand Tenge (Note 22).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. CASH AND CASH EQUIVALENTS

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

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Time deposits with banks – Tenge	51,645,586	68,970,977
Time deposits with banks – US	4,378,241	–
Current accounts with banks – Tenge	26,006,377	499,992
Current accounts with banks – US Dollars	6,770,966	14,426,202
Current accounts with banks – Georgian Lari	3,849,503	1,234,813
Current accounts with banks – other currency	97,174	39,710
Other current accounts with banks	11,567	12,335
Cash on hand	205	256
Allowance for expected credit losses	(21,070)	(26,747)
Total	92,738,549	85,157,538

As at 30 June 2023:

- Time deposits with maturity less than 3 months in Tenge interests ranged from 15.25% to 16.20% per annum (as at 31 December 2022: from 14.75% to 16.05% per annum);
- Time deposits with maturity less than 3 months placed in US Dollars interests ranged 1.7% per annum;
- Current accounts placed in Tenge interests ranged from 6.75% to 13% per annum (as at 31 December 2022: from 6.75% to 7% per annum);
- Interests for current accounts placed in US Dollars ranged from 0.25% to 3% per annum (as at 31 December 2022: from 0.25% to 3% per annum).

10. EQUITY

Retained earnings

Other operation with shareholder

During the six months period ended 30 June 2023 the retained earnings of the Group was increased by the discount on the Group's debt securities issued (*Note 12*) in the amount of 22,145,133 thousand Tenge.

Asset revaluation reserve

As at 30 June 2023 asset revaluation reserve was equal to 400,182,838 thousand Tenge (as at 31 December 2022: 423,217,162 thousand Tenge). The change in Group's revaluation reserve for property, plant and equipment for the six months ended 30 June 2023 is mainly due to revaluation of the technological oil of the Group (*Note 3*), revision of estimates of provision for asset retirement and land recultivation obligation (*Note 16*) with the corresponding effect of income tax (*Note 23*).

Dividends

During the six months period ended 30 June 2023 the Company accrued dividends payable based on the decision of the general meeting of shareholders dated 24 May 2023 in the amount of 15,000,496 thousand Tenge based on the results of 2022 (calculated as 39 Tenge per 1 share), from which 13,500,710 thousand Tenge was paid to KMG (*Note 25*) and 1,499,786 thousand Tenge – to minority shareholders.

During the six months period ended 30 June 2022 the Company accrued dividends payable based on the decision of the general meeting of shareholders dated 19 May 2022 in the amount of 10,000,331 thousand Tenge based on the results of 2021 (calculated as 26 Tenge per 1 share), from which 9,000,473 thousand Tenge was paid to KMG (*Note 25*) and 999,858 thousand Tenge to minority shareholders.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. EQUITY (continued)

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)	
	2023	2022	2023	2022
Net profit attributable to ordinary equity holders of the Parent of the Group	11,502,785	5,615,529	20,322,272	15,826,969
Weighted average number of ordinary shares for basic and diluted earnings per share	384,628,099	384,628,099	384,628,099	384,628,099
Basic and diluted earnings per share, in relation to profit for the period attributable to ordinary equity holders of the Group (in Tenge)	30	15	53	41

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 2023 (unaudited)	31 December 2022 (audited)
Total assets	1,289,782,701	1,235,417,960
Less: intangible assets	(8,302,417)	(8,515,332)
Less: total liabilities	(353,835,600)	(322,964,635)
Net assets for calculation of book value per ordinary share	927,644,684	903,937,993
Number of ordinary shares	384,628,099	384,628,099
Book value per ordinary share (in Tenge)	2,412	2,350

11. LOANS RECEIVED

Movements in loans received for six months ended 30 June 2023 are as follows:

<i>In thousands of Tenge</i>	2023
Loans with a floating interest rate	
As at 1 January (audited)	29,760,793
Received	11,800,000
Accrued remuneration (Note 3)	2,700,904
Additional expenses	(82,600)
As at 30 June (unaudited)	44,179,097

On 10 April 2023, under the agreement on the provision of a credit line with JSC "Halyk Bank of Kazakhstan" dated 25 November 2022, Main Waterline received a loan (the 2nd tranche) in the amount of 11,800,000 thousand Tenge, aimed at paying an advance payment to the contractor for the project "Reconstruction and expansion of the main waterline "Astrakhan-Mangyshlak" 1st stage".

The loan amount was recognized at fair value less borrowing costs. Group capitalizes all borrowing costs into the value of the qualified asset.

The effective interest rate on the loans was 16.06% and 16.11% for the 1st and 2nd tranche, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. LOANS RECEIVED (continued)

Covenants

The Group must ensure the fulfillment of non-financial covenants in accordance with the Agreement on the provision of a credit line. As at 30 June 2023, the Group complies with all non-financial covenants.

12. ISSUED DEBT SECURITIES

Movements in issued debt securities for six months ended 30 June 2023 are as follows:

<i>In thousands of Tenge</i>	2023
As at 1 January	–
Received	50,000,000
Discount recognition (Note 10)	(22,145,133)
Discount amortization (Note 3)	503,099
Accrued remuneration (Note 3)	44,444
As at 30 June (unaudited)	28,402,410
Including:	
Long term part	28,357,966
Short term part	44,444

In order to finance the investment project "Reconstruction and expansion of the main waterline "Astrakhan-Mangyshlak" 1st stage", Main Waterline issued 50 million bonds in total amounting to 50 billion Tenge with a coupon rate of 0.5% per annum and a circulation period 10 years, the grace period for repayment of the principal debt is 2 years. These bonds were purchased by KMG at the expense of anti-crisis funds from the National Fund of the Republic of Kazakhstan.

The amount of bonds was recognized at fair value based on the market interest rate of 11.74%. The Group capitalizes all costs of issued bonds into the cost of the qualifying asset. The difference between the market and coupon rates on the bonds issued was recognized by the Group as a discount and included in additional paid in capital (Note 10).

13. CONTRACT LIABILITIES TO CUSTOMERS

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

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Deferred income from related parties (Note 25)	24,725,887	26,125,466
Deferred income from third parties	8,677,796	9,006,713
Total	33,403,683	35,132,179

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

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Advances received from related parties (Note 25)	16,659,912	17,774,325
Advances received from third parties	8,767,373	8,238,141
Current part of deferred income from related parties (Note 25)	2,799,157	2,799,157
Current part of deferred income from third parties	702,919	717,570
Total	28,929,361	29,529,193

Deferred income from related parties relates to the free of charge receipt Main Waterline in 2021-2022 of the new waterline for technical water "Kulsary Tengiz" (1st stage) and pumping station (2nd stage) in the total amount 32,454,806 thousand Tenge, built at the expense of water transportation services customer under the agreement on cooperation on the construction of a waterline. As the Group has to provide the appropriate volume and rate of water supply to the facilities of the customer via the waterline of technical water Kulsary-Tengiz for the entire period of operations of given customer of water transportation services, the received assets were recognized as a non-cash consideration from the customer for the services provided. The Group recognized the contract liability and property, plant and equipment for the indicated amount.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. CONTRACT LIABILITIES TO CUSTOMERS (continued)

The amortization of contract liability for the period is recognized by the Group as revenue from the provision of water transportation services in the amount of 1,399,579 thousand Tenge (for the six months ended 30 June 2022: 1,041,133 thousand Tenge).

Revenue recognized in respect of contracts with customers

During the current reporting period, the revenue in the amount of 25,540,301 thousand Tenge was recognized in respect of contract liabilities to customers as at the beginning of the reporting period (for the six months ended 30 June 2022: 18,746,117 thousand Tenge).

14. TRADE AND OTHER ACCOUNTS PAYABLE

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

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Accounts payable to third parties for goods and services	6,252,612	16,530,280
Accounts payable to related parties for goods and services (Note 25)	1,126,174	1,389,533
Other accounts payable to third parties	1,190,669	1,311,009
Total	8,569,455	19,230,822

As at 30 June 2023 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 957,036 thousand Tenge (as at 31 December 2022: 8,288,535 thousand Tenge). The decrease in accounts payable relates to their repayment during the reporting period.

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

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Tenge	7,942,456	18,416,184
US Dollars	102,501	182,469
Russian Roubles	7,730	4,352
Euro	453	2,313
Other currency	516,315	625,504
Total	8,569,455	19,230,822

15. LEASE LIABILITIES

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

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Non-current portion of obligations	5,943,046	198,450
Current portion of obligations	2,228,069	942,217
Total	8,171,115	1,140,667

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

<i>In thousands of Tenge</i>	2023	2022
As at 1 January (audited)	1,140,667	1,660,914
Modification of agreement	181,955	597,241
Additions for the period	7,840,719	13,912
Unwinding of discount on obligations (Note 22)	371,278	76,908
Payments for the period	(1,223,064)	(1,306,076)
Disposals for the period	(140,440)	-
Exchange difference	-	43,439
As at 30 June (unaudited)	8,171,115	1,086,338

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. PROVISIONS

Short-term provisions

Short-term provisions of the Group are mainly presented by tax provisions (BOT and BSP) and, as at 30 June 2023, amount to 1,378,361 thousand Tenge (as at 31 December 2022: 1,309,778 thousand Tenge).

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 2023 and 2022 is as follows:

	For the three months ended 30 June					
	Provision for oil pipelines and landfills	Provision for OPS	Total	Provision for oil pipelines and landfills	Provision for OPS	Total
	2023			2022		
<i>In thousands of Tenge</i>						
At the beginning of the period (audited)	30,320,435	12,815,484	43,135,919	32,070,097	–	32,070,097
Charge for the period through asset	–	–	–	43,678	13,612,706	13,656,384
Charge for the period through profit and loss (Note 21)	–	–	–	–	1,135,708	1,135,708
Revision of estimates through other comprehensive income	(627,607)	(429,498)	(1,057,105)	(4,463,997)	–	(4,463,997)
Revision of estimates and reversal through profit and loss (Note 21)	(984,235)	(242,969)	(1,227,204)	(692,367)	(270,160)	(962,527)
Revision of estimates through asset	–	–	–	–	(3,238,167)	(3,238,167)
Unwinding of discount (Note 22)	761,199	321,725	1,082,924	513,524	487,265	1,000,789
At the end of the period (unaudited)	29,469,792	12,464,742	41,934,534	27,470,935	11,727,352	39,198,287

Long-term provisions

Asset retirement and land reclamation obligation

	For the six months ended 30 June					
	Provision for oil pipelines and landfills	Provision for OPS	Total	Provision for oil pipelines and landfills	Provision for OPS	Total
	2023			2022		
<i>In thousands of Tenge</i>						
At the beginning of the period (audited)	28,586,114	12,078,865	40,664,979	34,547,151	–	34,547,151
Charge for the period through asset	–	–	–	43,678	13,612,706	13,656,384
Charge for the period through profit and loss (Note 21)	–	–	–	–	1,135,708	1,135,708
Revision of estimates through other comprehensive loss/(income)	269,077	(88,771)	180,306	(7,195,171)	–	(7,195,171)
Revision of estimates and reversal through profit and loss (Note 21)	(866,698)	(151,350)	(1,018,048)	(1,004,425)	(270,160)	(1,274,585)
Revision of estimates through asset	–	–	–	–	(3,238,167)	(3,238,167)
Unwinding of discount (Note 22)	1,481,299	625,998	2,107,297	1,079,702	487,265	1,566,967
At the end of the period (unaudited)	29,469,792	12,464,742	41,934,534	27,470,935	11,727,352	39,198,287

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. PROVISIONS (continued)

Long-term provisions (continued)

Asset retirement and land reclamation obligation (continued)

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

As at 30 June 2022 the Group revised the long-term provisions considering current best estimate, which was based on the discount rate of 7.89% (as at 31 December 2021: 6.72%) and the inflation rate of 4.66% (as at 31 December 2021: 5.49%).

In accordance with the amendments in the Environmental Code of the Republic of Kazakhstan, as at 30 June 2022, the Group recognized an obligation to decommission oil pumping stations (OPS).

17. OTHER CURRENT LIABILITIES

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

<i>In thousands of Tenge</i>	30 June 2023 (unaudited)	31 December 2022 (audited)
Other current non-financial liabilities		
Liabilities for oil transportation coordination services to related parties (Note 25)	7,433,289	8,039,904
Liabilities for oil transportation coordination services to third parties	3,461,819	4,215,483
Liabilities for pension contributions and social insurance	1,227,302	1,221,720
	12,122,410	13,477,107
Other current financial liabilities		
Employee salary	6,541,336	4,813,702
Provisions for vacations and other employee benefits	5,101,523	9,799,370
Liabilities for oil transportation coordination services to third parties	400,240	486,449
Other	524,683	755,355
	12,567,782	15,854,876
Total other current liabilities	24,690,192	29,331,983

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**18. REVENUE**

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

<i>In thousands of Tenge</i>	For three months ended 30 June 2023 (unaudited)					For six months ended 30 June 2023 (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	48,682,726	-	-	-	48,682,726	97,680,122	-	-	-	97,680,122
Pipeline operation and maintenance services	6,301,552	-	-	-	6,301,552	12,712,449	-	-	-	12,712,449
Oil, oil products and gas transshipment and railway shipment	-	6,239,113	-	-	6,239,113	-	11,107,051	-	-	11,107,051
Water transportation	-	-	4,461,846	-	4,461,846	-	-	9,133,692	-	9,133,692
Seaport services	-	-	-	2,052,236	2,052,236	-	-	-	3,865,149	3,865,149
Fees for undelivered oil volumes	418,776	-	-	-	418,776	710,960	-	-	-	710,960
Oil transportation coordination services	229,461	-	-	-	229,461	344,717	-	-	-	344,717
Others	30,370	440,072	883	205,889	677,214	83,815	845,317	1,107	430,114	1,360,353
Total for segments	55,662,885	6,679,185	4,462,729	2,258,125	69,062,924	111,532,063	11,952,368	9,134,799	4,295,263	136,914,493
Geographic regions*										
Kazakhstan	48,397,871	4,246,262	4,462,729	-	57,106,862	97,539,823	7,611,475	9,134,799	-	114,286,097
Russia	6,792,097	-	-	-	6,792,097	13,387,452	-	-	-	13,387,452
Georgia	-	1,106,312	-	2,237,987	3,344,299	-	1,876,777	-	4,246,017	6,122,794
Others	472,917	1,326,611	-	20,138	1,819,666	604,788	2,464,116	-	49,246	3,118,150
Total revenue under contracts with customers	55,662,885	6,679,185	4,462,729	2,258,125	69,062,924	111,532,063	11,952,368	9,134,799	4,295,263	136,914,493
Timing of revenue recognition										
At a point in time	49,361,333	6,679,185	4,462,729	2,258,125	62,761,372	98,819,614	11,952,368	9,134,799	4,295,263	124,202,044
Over time	6,301,552	-	-	-	6,301,552	12,712,449	-	-	-	12,712,449
Total revenue under contracts with customers	55,662,885	6,679,185	4,462,729	2,258,125	69,062,924	111,532,063	11,952,368	9,134,799	4,295,263	136,914,493

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**18. REVENUE (continued)**

	For three months ended 30 June 2022 (unaudited)					For six months ended 30 June 2022 (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
<i>In thousands of Tenge</i>										
Crude oil transportation	42,274,205	-	-	-	42,274,205	84,766,779	-	-	-	84,766,779
Pipeline operation and maintenance services	4,595,384	-	-	-	4,595,384	9,461,447	-	-	-	9,461,447
Oil, oil products and gas transshipment and railway shipment	-	7,910,040	-	-	7,910,040	-	11,256,451	-	-	11,256,451
Water transportation	-	-	2,625,682	-	2,625,682	-	-	4,963,217	-	4,963,217
Seaport services	-	-	-	1,998,824	1,998,824	-	-	-	3,868,716	3,868,716
Fees for undelivered oil volumes	440,272	-	-	-	440,272	956,745	-	-	-	956,745
Oil transportation coordination services	104,337	-	-	-	104,337	217,134	-	-	-	217,134
Others	21,473	206,188	194	218,736	446,591	40,724	482,464	566	442,409	966,163
Total for segments	47,435,671	8,116,228	2,625,876	2,217,560	60,395,335	95,442,829	11,738,915	4,963,783	4,311,125	116,456,652
Geographic regions*										
Kazakhstan	40,702,194	5,960,354	2,625,876	-	49,288,424	82,382,172	7,935,908	4,963,783	-	95,281,863
Russia	6,733,477	-	-	-	6,733,477	13,060,657	-	-	-	13,060,657
Georgia	-	1,270,641	-	2,169,837	3,440,478	-	2,523,487	-	4,236,415	6,759,902
Others	-	885,233	-	47,723	932,956	-	1,279,520	-	74,710	1,354,230
Total revenue under contracts with customers	47,435,671	8,116,228	2,625,876	2,217,560	60,395,335	95,442,829	11,738,915	4,963,783	4,311,125	116,456,652
Timing of revenue recognition										
At a point in time	42,840,287	8,116,228	2,625,876	2,217,560	55,799,951	85,981,382	11,738,915	4,963,783	4,311,125	106,995,205
Over time	4,595,384	-	-	-	4,595,384	9,461,447	-	-	-	9,461,447
Total revenue under contracts with customers	47,435,671	8,116,228	2,625,876	2,217,560	60,395,335	95,442,829	11,738,915	4,963,783	4,311,125	116,456,652

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. REVENUE (continued)

For the six months ended 30 June 2023 the revenue from the four major customers amounted to 26,567,752 thousand Tenge, 15,394,707 thousand Tenge, 9,425,816 thousand Tenge and 6,876,421 thousand Tenge (for the six months ended 30 June 2022: 21,533,409 thousand Tenge, 12,689,700 thousand Tenge, 9,141,409 thousand Tenge and 5,806,514 thousand Tenge, respectively).

19. COST OF SALES

Cost of sales for the three and six months ended 30 June 2023 and 2022 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)	
	2023	2022	2023	2022
Personnel costs	22,854,786	23,411,439	46,465,143	41,068,117
Depreciation and amortization	17,519,741	13,293,908	35,940,163	26,344,025
Security services	3,279,727	1,691,983	6,562,682	3,382,192
Taxes other than income tax	3,062,634	2,582,552	6,156,939	5,182,081
Railway services	2,200,093	5,292,654	4,879,892	6,976,380
Electric energy	2,339,595	2,402,352	4,821,991	4,739,009
Repair and maintenance	1,821,057	1,937,092	3,524,014	3,495,731
Materials and fuel	1,942,798	1,812,135	3,367,078	3,247,386
Gas expenses	678,337	744,683	1,857,586	1,987,647
Food and accomodation	603,482	508,539	1,235,851	1,048,777
Insurance	306,523	250,380	611,306	491,509
Business trip expenses	281,456	281,849	449,987	431,602
Post-employment benefits	168,323	227,175	336,644	456,937
Outstaffing services	124,879	93,063	269,744	210,628
Communication services	91,340	68,084	169,530	169,667
Environmental protection	95,714	448,773	153,437	512,256
Air services	–	205,447	140,319	325,637
Other	1,094,355	1,047,664	1,728,120	1,574,823
Total	58,464,840	56,299,772	118,670,426	101,644,404

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

The increase in depreciation and amortization and taxes are mainly due to the revaluation of property, plant and equipment conducted in the end of 2022.

The decrease in railway services costs is associated with decrease in volumes of oil transportation through the Group's foreign activities.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and six months ended 30 June 2023 and 2022 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)	
	2023	2022	2023	2022
Personnel costs	1,939,333	1,910,136	4,011,276	4,070,915
Depreciation and amortization	397,329	358,065	783,719	717,240
Repair and maintenance	127,995	42,918	251,581	159,228
Office maintenance	94,298	109,599	211,878	233,903
Outstaffing services	69,489	55,893	142,755	119,480
Auditing and consulting services	102,973	82,977	142,237	130,712
Business trip expenses	74,239	67,740	140,534	113,234
VAT expenses	94,138	22,153	130,210	50,674
Taxes other than income tax	58,465	66,039	116,386	143,217
Information services	34,639	33,772	69,609	68,547
Charge/(reversal) of tax provision	(453)	55,357	67,770	55,357
Charge of allowance for expected credit losses, net	42,370	52,253	53,201	132,262
Insurance and security	27,686	17,261	48,197	28,898
Communication services	23,329	22,733	45,817	55,321
Bank costs	11,927	21,341	23,986	40,618
Post-employment benefits	10,744	12,329	21,488	26,032
Materials and fuel	5,409	14,196	16,359	31,978
Other	259,498	199,314	500,524	331,144
Total	3,373,408	3,144,076	6,777,527	6,508,760

21. OTHER OPERATING INCOME AND EXPENSES

Other operating income/expenses for the three and six months ended 30 June 2023 and 2022 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)	
	2023	2022	2023	2022
Income from revision of estimates, reversal and charge of asset retirement and land recultivation obligation, net (<i>Note 16</i>)	1,227,204	–	1,018,048	138,877
Income from fines and penalties	188,372	176,709	371,581	384,420
Amortization of deferred income	72,984	71,867	146,944	146,110
Charge of income from inventory recognition	–	25,789	1,026	26,634
Other income	12,321	39,084	27,290	64,538
Total	1,500,881	313,449	1,564,889	760,579

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. OTHER OPERATING INCOME AND EXPENSES (continued)

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)	
	2023	2022	2023	2022
Expenses for liquidation of idle production facilities	34,499	–	43,218	2,630
Loss on disposal of property, plant and equipment and intangible assets, net	17,827	70,801	35,362	137,047
Actuarial losses	–	45,500	–	45,500
Loss from revision of estimates, reversal and charge of asset retirement and land recultivation obligation, net (Note 16)	–	173,181	–	–
Other expenses	61,608	75,678	67,251	101,696
Total	113,934	365,160	145,831	286,873

22. FINANCE INCOME AND EXPENSES

Finance income/expenses for the three and six months ended 30 June 2023 and 2022 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)	
	2023	2022	2023	2022
Interest income on bank deposits and current accounts	2,322,642	586,170	4,782,077	994,667
Unwinding of discount on long-term receivables	42,954	46,363	85,912	92,729
Income from notes of the National Bank of the RK (Note 8)	4,588	–	4,588	–
Income from revision of bond's fair value	–	13,720	–	42,692
Other finance income	5,982	6,789	12,502	14,406
Total	2,376,166	653,042	4,885,079	1,144,494

Finance expenses

<i>In thousands of Tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2023	2022	2023	2022
Unwinding of discount on asset retirement and land recultivation obligation reserve (Note 16)	1,082,924	1,000,789	2,107,297	1,566,967
Net interest cost on employee benefit obligations	364,094	370,563	728,190	736,885
Unwinding of discount on lease liabilities	343,248	41,284	371,278	76,908
Income from revision of obligation's fair value	116,376	–	116,376	–
Other finance expenses	2,955	4,597	5,066	8,739
Total	1,909,597	1,417,233	3,328,207	2,389,499

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. INCOME TAX EXPENSE

Income tax expenses for the three and six months ended 30 June 2023 and 2022 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)	
	2023	2022	2023	2022
Current income tax expense	3,327,156	1,504,312	6,088,791	3,828,203
Adjustments of the past periods	–	–	81,315	139,049
Deferred income tax benefit	(1,309,653)	(1,103,262)	(2,533,864)	(1,191,212)
Income tax expense	2,017,503	401,050	3,636,242	2,776,040

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

<i>In thousands of Tenge</i>	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
At the beginning of the period (audited)	98,128,061	74,918,568	107,509,698	78,764,696
Charged to other comprehensive (income)/loss	7,343,344	7,365,492	(814,082)	3,607,348
Charged to profit and loss	(1,309,653)	(1,103,262)	(2,533,864)	(1,191,212)
Currency translation	–	(4)	–	(38)
At the end of the period (unaudited)	104,161,752	81,180,794	104,161,752	81,180,794

24. 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)
24. 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 2023 and 2022:

	For the three months ended 30 June 2023 (unaudited)					For the three months ended 30 June 2022 (unaudited)						
	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
Revenue												
External customers	55,662,885	6,679,185	4,462,729	2,258,125	-	69,062,924	47,435,671	8,116,228	2,625,876	2,217,560	-	60,395,335
Intersegmental	247,281	-	20,384		(267,665)	-	238,199	-	18,304	-	(256,503)	-
Total revenue	55,910,166	6,679,185	4,483,113	2,258,125	(267,665)	69,062,924	47,673,870	8,116,228	2,644,180	2,217,560	(256,503)	60,395,335
Financial results												
Depreciation and amortization	(15,015,104)	(261,672)	(2,307,242)	(333,052)	-	(17,917,070)	(11,874,916)	(211,276)	(1,271,417)	(294,364)	-	(13,651,973)
Interest income	2,057,282	48,489	146,686	70,185	-	2,322,642	511,321	30,354	26,948	17,547	-	586,170
Share in income of joint ventures	4,057,427	-	-	-	-	4,057,427	6,297,211	-	-	-	-	6,297,211
Income tax (expense)/benefits	(2,188,505)	-	171,002	-	-	(2,017,503)	(698,942)	-	295,870	183	1,839	(401,050)
Segment profit/(loss) for the period	8,498,652	2,244,483	(566,361)	755,371	570,640	11,502,785	4,273,100	1,185,340	(1,091,928)	163,478	1,085,539	5,615,529

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

Information on revenue and profit of the Group's segments for the six months ended 30 June 2023 and 2022:

	For the six months ended 30 June 2023 (unaudited)					For the six months ended 30 June 2022 (unaudited)						
	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil transportation (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
<i>In thousands of Tenge</i>												
Revenue												
External customers	111,532,063	11,952,368	9,134,799	4,295,263		136,914,493	95,442,829	11,738,915	4,963,783	4,311,125	-	116,456,652
Intersegmental	424,747	-	37,611	-	(462,358)	-	397,497	-	39,031	-	(436,528)	-
Total revenue	111,956,810	11,952,368	9,172,410	4,295,263	(462,358)	136,914,493	95,840,326	11,738,915	5,002,814	4,311,125	(436,528)	116,456,652
Financial results												
Depreciation and amortization	(30,924,966)	(521,829)	(4,615,200)	(661,887)	-	(36,723,882)	(23,524,669)	(423,057)	(2,540,612)	(572,927)	-	(27,061,265)
Interest income	4,325,852	94,426	247,042	114,757	-	4,782,077	847,787	45,906	55,068	45,906	-	994,667
Share in income of joint ventures	9,434,596	-	-	-	-	9,434,596	9,123,261	-	-	-	-	9,123,261
Income tax (expense)/benefits	(3,799,438)	-	163,196	-	-	(3,636,242)	(3,258,427)	-	488,523	(11,252)	5,116	(2,776,040)
Segment profit/(loss) for the period	16,658,984	2,593,785	(568,718)	1,067,601	570,620	20,322,272	13,586,352	1,052,691	(1,808,984)	1,207,059	1,789,851	15,826,969

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**24. SEGMENT INFORMATION (continued)**

The following tables present information on assets and liabilities of the Group's segments as at 30 June 2023 and 31 December 2022:

<i>In thousands of Tenge</i>	As at 30 June 2023 (unaudited)						As at 31 December 2022 (audited)					
	Oil transportation and related services (Kazakhstan)	Oil trans-shipment (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)	Oil transportation and related services (Kazakhstan)	Oil trans-shipment (Georgia)	Water transportation (Kazakhstan)	Other	Adjustments and exceptions	Total segments (consolidated)
Other disclosures												
Total assets	1,085,039,914	54,544,198	210,759,301	23,444,546	(84,005,258)	1,289,782,701	1,093,895,555	55,089,123	145,839,799	23,739,961	(83,146,478)	1,235,417,960
Total liabilities	231,213,857	6,811,633	102,275,417	13,870,335	(335,642)	353,835,600	238,046,342	11,089,259	60,832,330	13,802,700	(805,996)	322,964,635
Investments in joint ventures (Note 4)	102,137,112	-	-	-	-	102,137,112	94,588,186	-	-	-	-	94,588,186
Capital expenditures, including:	26,343,945	209,183	46,160,890	351,500	-	73,065,518	39,190,642	809,854	2,795,844	1,574,999	(69,786)	44,301,553
Property, plant and equipment	26,311,471	207,376	46,160,890	319,874	-	72,999,611	38,739,832	790,495	2,781,547	1,451,469	(69,786)	43,693,557
Intangible assets	32,474	1,807	-	31,626	-	65,907	450,810	19,359	14,297	123,530	-	607,996

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. 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 2023 and 2022 and also the related balances as at 30 June 2023 and 31 December 2022.

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

<i>In thousands of Tenge</i>	Note	30 June 2023 (unaudited)	31 December 2022 (audited)
Trade and other accounts receivable from related parties			
Trade accounts receivable from joint ventures of the Company		2,491,002	1,540,699
Trade accounts receivable from entities under common control of KMG		1,417,196	2,185,711
Trade accounts receivable from entities under common control of Samruk-Kazyna		1,301,116	2,564,823
Total trade accounts receivable from related parties	7	5,209,314	6,291,233
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna	7	509	509
Total other accounts receivable from related parties		509	509
Less: allowance for expected credit losses		(5,873)	(7,407)
Total trade and other accounts receivable from related parties		5,203,950	6,284,335

Advances provided to related parties are as follows:

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

Contract liabilities to customers to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2023 (unaudited)	31 December 2022 (audited)
Contract liabilities to customers to related parties			
Non-current part of deferred income under contracts with entities under common control of KMG		24,725,887	26,125,466
Total non-current contract liabilities to customers to related parties	13	24,725,887	26,125,466
Advances received from entities under common control of KMG		16,412,920	17,573,782
Advances received from entities under common control of Samruk-Kazyna		246,992	200,543
Current part of deferred income under contracts with entities under common control of KMG		2,799,157	2,799,157
Total current contract liabilities to customers to related parties	13	19,459,069	20,573,482
Total contract liabilities to customers to related parties	13	44,184,956	46,698,948

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. RELATED PARTY TRANSACTIONS (continued)

Trade accounts payable to related parties are as follows:

<i>In thousands of Tenge</i>	Note	30 June 2023 (unaudited)	31 December 2022 (audited)
Trade accounts payable to related parties for goods and services			
Trade accounts payable to entities under common control of KMG		989,123	1,001,456
Trade accounts payable to entities under common control of Samruk-Kazyna		104,863	379,159
Trade accounts payable to joint venture of the Company		32,188	8,918
Total trade accounts payable to related parties for goods and services	14	1,126,174	1,389,533

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	Note	30 June 2023 (unaudited)	31 December 2022 (audited)
Accounts payable for oil transportation coordination services to related parties			
Accounts payable for oil transportation coordination services to entities under common control of KMG		7,433,289	8,039,904
Total accounts payable for oil transportation coordination services to related parties	17	7,433,289	8,039,904
Employee benefits obligation of key management personnel			
Employee benefits obligation of key management personnel		71,273	68,028
Total employee benefits obligation of key management personnel		71,273	68,028
Total other current liabilities to related parties		7,504,562	8,107,932

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)	
	2023	2022	2023	2022
Sales to related parties				
Revenue from main activities with entities under common control of KMG	36,928,736	32,113,137	74,352,093	60,703,941
Revenue from main activities with joint ventures of the Company	3,926,045	2,756,685	7,809,722	5,514,978
Revenue from main activities with entities under common control of Samruk-Kazyna	2,373,933	1,775,058	4,892,520	3,800,420
Other income from entities under common control of Samruk-Kazyna	-	52,231	-	106,214
Other income from entities under common control of KMG	14,311	41,419	14,311	57,887
Total	43,243,025	36,738,530	87,068,646	70,183,440

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. RELATED PARTY TRANSACTIONS (continued)

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)	
	2023	2022	2023	2022
Purchases from related parties				
Purchases of services from entities under common control of KMG	2,487,260	4,348,245	5,020,614	5,680,558
Purchases of services from entities under common control of Samruk-Kazyna	280,994	714,284	1,208,601	1,495,315
Purchases of services from joint ventures of the Company	-	82,726	-	103,924
Purchases of inventory entities under common control of KMG and Samruk-Kazyna	-	154	162	199
Total	2,768,254	5,145,409	6,229,377	7,279,996

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)	
		2023	2022
Cash flows to related parties			
Dividends paid to the KMG	10	(13,500,710)	9,000,473
Dividends received from joint ventures of the Company	4	1,460,351	-
Total		(12,040,359)	9,000,473

Total accrued compensation to key management personnel for the three months ended 30 June 2023 amounts to 161,853 thousand Tenge (for the six months ended 30 June 2022: 161,386 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal regulations.

26. 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 2022. During the six months ended 30 June 2023 there were no significant changes, except for the following:

Contractual commitments to acquire property, plant and equipment

As at 30 June 2023 the Group had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 110,804,357 thousand Tenge (31 December 2022: 157,285,948 thousand Tenge). These contractual obligations are part of the investment program.

Share of the Group as at 30 June 2023 in contractual obligations of joint ventures to acquire property, plant and equipment, and construction services amounted to 328,476 thousand Tenge (31 December 2022: 599,618 thousand Tenge).

Investment program commitments of the Company

In November 2020, by a joint order of the Ministry of Energy of the Republic of Kazakhstan and the CRNM, an investment program for 2021-2025 was approved, according to which the Company has the obligation to fulfill during the period from 2021 to 2025 in the amount of 214.2 billion Tenge. As at 30 June 2023, the balance of obligation under the investment program to be fulfilled was 128 billion Tenge.

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

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

In 2015 Revenue Service of the Ministry of Finance of Georgia (hereinafter – “Revenue Service”) additionally accrued taxes and fines in the amount of 7,289 thousand Georgian Lari (equivalent to 1,275,939 thousand Tenge) as a result of tax inspections of BSP for the period of 2010-2014. As a result of appeals carried during the period from 2015 to 2020 against Revenue Service’s decisions, the amount of additionally accrued taxes and fines was reduced and amounted to 5,915 thousand Georgian Lari (equivalent to 1,035,421 thousand Tenge).

As at 30 June 2023 the amount of recognized tax liabilities by BSP was 4,445 thousand Georgian Lari (equivalent to 778,097 thousand Tenge). The remaining amount of 1,470 thousand Georgian Lari (equivalent to 257,324 thousand Tenge) was not recognized as additional liabilities, since the management believes that BSP’s appeal will be successful and estimates the possibility of an outflow of financial resources in this regard as being remote. As at 30 June 2023 BSP continues challenging the decisions of Revenue Service in the prescribed manner.

Obligations under the loan agreement

In order to finance the project “Reconstruction and expansion of the main waterline “Astrakhan-Mangyshlak” 1st stage” in December 2021 Main Waterline entered into a loan agreement with Eurasian Development Bank, providing the credit in the amount of 123,652,111 thousand Tenge, the interest rate of 11% per annum for tranches in Tenge and 8.5% per annum for tranches in Rubles, the loan term of 180 months from the date of the first tranche issue. Considering the lack of required corporate decisions, as well as due to changes in market conditions, the loan agreement did not enter into force. On 12 April 2023, the parties signed an agreement to terminate the loan agreement.

Legal proceedings of joint ventures

In December 2019 and August 2021, MunaiTas entered into contracts with the contractor on the procurement of services in the amount of 12.4 billion Tenge and 1.7 billion Tenge, respectively. According to the contracts terms, the contractor provided bank guarantees for the proper execution of the contracts, the amount of each was 10% of the contract price. In February 2023, the Company received pre-trial claims from the contractor in the amount of 1.2 billion Tenge and 169.6 million Tenge, respectively. The essence of the claims is the demand for the return by the joint venture of previously received funds in the form of bank guarantees for the proper execution of contracts. In May 2023, the contractor filed a lawsuit in which he asks to recognize the claims of MunaiTas sent to the guarantor bank as unlawful. The lawsuit was accepted for proceedings, a civil case was initiated, and preparations for trial began. On 21 June 2023, a response to the claim was sent to the court by the joint venture. Consideration of the civil case in court continues. Management of MunaiTas believes that the contractor's claims are unfounded and will not result in any significant loss.

Tax inspections

As at 30 June 2023 complex tax inspections are carried out in joint ventures of the Company for the period of 2017-2021 years. As of the date of signing the interim condensed consolidated financial statements, tax inspections have not been completed and the management of the companies can’t assess its future results.

Risk monitoring of secondary sanctions

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

As of the date of signing the consolidated interim financial statements, the Group's Management believes that the risk of secondary sanctions against the Group's companies is low.

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables. These financial instruments mainly arise in the course of business of the Group. 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 assets and liabilities approximates their fair value due to the short-term maturity of these financial instruments.

The carrying value of loans received (*Note 11*) is approximately equal to the fair value due to the fact that the interest rate on loans is floating.

The carrying amount of issued debt securities during the current reporting period (*Note 12*) is approximately equal to the fair value as the initial recognition was made at fair value.

28. EVENTS AFTER THE REPORTING PERIOD

From 1 July 2023, new tariffs came into effect:

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

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

On 26 July 2023, the issuer redeemed short-term notes of the National Bank of the Republic of Kazakhstan by paying their nominal value in the amount of 5,061,943 thousand Tenge (*Note 8*). At the same time, as at the specified date, the Group acquired similar notes in the amount of 15,000,000 thousand Tenge (term: 28 days, redemption amount: 15,192,720 thousand Tenge).