

**KazTransOil JSC**

**Interim condensed consolidated financial statements**

*For the three months ended 31 March 2023*



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## 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 31 March 2023 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the three-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*



Adil Syzdykov  
Auditor

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

050660, Republic of Kazakhstan, Almaty  
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25 May 2023



Rustamzhan Sattarov  
General Director  
Ernst & 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>Note</b>	<b>31 March 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	958,057,965	974,595,927
Right-of-use assets	6	6,808,993	917,065
Intangible assets		8,587,666	8,515,332
Investments in joint ventures	4	100,303,988	94,588,186
Advances to suppliers for property, plant and equipment	5	7,118,516	29,219,803
VAT recoverable		6,622,609	4,314,632
Other long-term accounts receivable	7	923,668	883,284
Bank deposits		878,139	945,452
Other non-current assets		357,772	360,146
		<b>1,089,659,316</b>	<b>1,114,339,827</b>
<b>Current assets</b>			
Inventories		8,666,857	8,758,265
Trade and other accounts receivable	7	7,543,462	8,366,581
Advances to suppliers		830,523	1,787,294
Prepayment for income tax		2,433,151	1,878,426
VAT recoverable and other prepaid taxes		8,857,193	8,439,215
Other current assets	8	5,972,984	6,668,085
Cash and cash equivalents	9	75,020,974	85,157,538
		<b>109,325,144</b>	<b>121,055,404</b>
Non-current assets held for sale		22,729	22,729
		<b>109,347,873</b>	<b>121,078,133</b>
<b>Total assets</b>		<b>1,199,007,189</b>	<b>1,235,417,960</b>

*The explanatory notes on pages 8 through 30  
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>Note</b>	<b>31 March 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		<b>61,937,567</b>	61,937,567
Treasury shares repurchased from shareholders		<b>(9,549)</b>	(9,549)
Asset revaluation reserve	10	<b>381,133,752</b>	423,217,162
Foreign currency translation reserve	10	<b>47,158,298</b>	46,952,044
Other capital reserves		<b>(188,145)</b>	(188,145)
Retained earnings		<b>399,156,069</b>	380,544,246
<b>Total equity</b>		<b>889,187,992</b>	912,453,325
<b>Non-current liabilities</b>			
Loans received	11	<b>30,841,918</b>	29,760,793
Employee benefit obligations		<b>18,445,322</b>	18,096,363
Deferred tax liabilities	22	<b>98,128,061</b>	107,509,698
Provision for asset retirement and land recultivation obligation	15	<b>43,135,919</b>	40,664,979
Contract liabilities to customers	12	<b>34,153,936</b>	35,132,179
Lease liabilities	14	<b>5,089,923</b>	198,450
		<b>229,795,079</b>	231,362,462
<b>Current liabilities</b>			
Current part of employee benefit obligations		<b>957,861</b>	1,046,911
Income tax payable		<b>1,515,035</b>	1,470,302
Trade and other accounts payable	13	<b>8,701,178</b>	19,230,822
Lease liabilities	14	<b>1,978,755</b>	942,217
Contract liabilities to customers	12	<b>27,519,232</b>	29,529,193
Other taxes payable		<b>7,742,240</b>	8,740,967
Provisions	15	<b>1,399,865</b>	1,309,778
Other current liabilities	16	<b>30,209,952</b>	29,331,983
		<b>80,024,118</b>	91,602,173
<b>Total liabilities</b>		<b>309,819,197</b>	322,964,635
<b>Total equity and liabilities</b>		<b>1,199,007,189</b>	1,235,417,960
<b>Book value per ordinary share (in Tenge)</b>	10	<b>2,289</b>	2,350

Signed and approved for issue on 25 May 2023.

General Director (Chairman of the Management Board)



Kurmanbayev T.N.

Chief Accountant

Akhmedina A.S.

The explanatory notes on pages 8 through 30  
form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2023	2022
Revenue	17	67,851,569	56,061,317
Cost of sales	18	(60,205,586)	(45,344,632)
<b>Gross profit</b>		<b>7,645,983</b>	<b>10,716,685</b>
General and administrative expenses	19	(3,404,119)	(3,364,684)
Other operating income	20	273,164	620,311
Other operating expenses	20	(241,053)	(94,894)
<b>Operating profit</b>		<b>4,273,975</b>	<b>7,877,418</b>
Net foreign exchange (loss)/income		(303,221)	2,363,776
Finance income	21	2,508,913	491,452
Finance costs	21	(1,418,610)	(972,266)
Share in income of joint ventures	4	5,377,169	2,826,050
<b>Profit before income tax</b>		<b>10,438,226</b>	<b>12,586,430</b>
Income tax expense	22	(1,618,739)	(2,374,990)
<b>Net profit for the period</b>		<b>8,819,487</b>	<b>10,211,440</b>
<b>Basic and diluted earnings per share (in Tenge)</b>	10	<b>23</b>	<b>27</b>

*The explanatory notes on pages 8 through 30  
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**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2023	2022
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Exchange difference from translation of foreign operations of the Group		206,254	3,194,396
<b>Total other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>206,254</b>	<b>3,194,396</b>
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</i>			
Impairment and revaluation of property, plant and equipment of the Group, net		(39,549,722)	(21,521,895)
Income tax effect	22	7,909,944	4,304,379
		<b>(31,639,778)</b>	<b>(17,217,516)</b>
<i>(Charge)/reversal of provision for asset retirement and land reclamation obligation of the Group</i>			
	15	(1,237,411)	2,731,174
Income tax effect	22	247,482	(546,235)
		<b>(989,929)</b>	<b>2,184,939</b>
<i>Reversal of provision for asset retirement and land reclamation obligation of the joint ventures</i>			
		423,292	972,004
Income tax effect		(84,659)	(194,401)
	4	<b>338,633</b>	<b>777,603</b>
<b>Total other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net</b>		<b>(32,291,074)</b>	<b>(14,254,974)</b>
<b>Total other comprehensive loss for the period, net of tax</b>		<b>(32,084,820)</b>	<b>(11,060,578)</b>
<b>Total comprehensive loss for the period, net of tax</b>		<b>(23,265,333)</b>	<b>(849,138)</b>

Signed and approved for issue on 25 May 2023.

General Director (Chairman of the Management Board)



K. Manbayev T.N.

Chief Accountant

Akhmedina A.S.

The explanatory notes on pages 8 through 30  
form an integral part of these interim condensed consolidated financial statements.



**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2023	2022
<b>Cash flows from operating activities</b>			
Profit before income tax		10,438,226	12,586,430
<b>Adjustments to reconcile profit before tax to net cash flows</b>			
Depreciation and amortization	18, 19	18,806,812	13,409,292
Share in income of joint ventures	4	(5,377,169)	(2,826,050)
Finance income	21	(2,508,913)	(491,452)
Finance costs	21	1,418,610	972,266
Amortization of deferred income	12, 20	(773,749)	(594,809)
Net foreign exchange loss/(gain)		303,221	(2,363,776)
Employee benefits obligations, current service costs	18, 19	179,065	243,465
Revision of estimates and reversal of provision for asset retirement and land recultivation obligation, net	20	209,156	(312,058)
Write-off of VAT recoverable	19	36,072	28,521
Loss on disposal of property, plant and equipment, net	20	17,534	66,246
Charge of expected credit losses, net	19	10,831	80,009
Others		(20,400)	1,004
<b>Operating cash flows before working capital changes</b>		<b>22,739,296</b>	<b>20,799,088</b>
<b>(Increase)/decrease in operating assets</b>			
Inventories		146,505	278,377
Trade and other accounts receivable		772,861	(808,030)
Advances to suppliers		929,844	(121,833)
VAT recoverable and other prepaid taxes		(2,792,051)	1,189,640
Other current assets		639,937	772,799
<b>Increase/(decrease) in operating liabilities</b>			
Trade and other accounts payable		(1,698,629)	(327,501)
Contract liabilities to customers		(1,934,493)	(2,310,256)
Other taxes payable		(898,868)	(77,892)
Other current and non-current liabilities and employee benefit obligations		376,872	(2,975,822)
<b>Cash generated from operating activities</b>		<b>18,281,274</b>	<b>16,418,570</b>
Income taxes paid		(3,026,447)	(4,220,645)
Interest received		2,186,318	364,179
<b>Net cash flows from operating activities</b>		<b>17,441,145</b>	<b>12,562,104</b>

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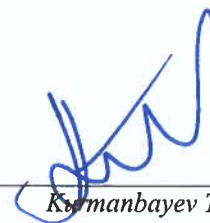
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2023	2022
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(26,729,939)	(13,183,294)
Withdrawal of bank deposits		57,238	202,635
Proceeds from bonds redemption		69,998	3,345
Proceeds from disposal of property, plant and equipment and non-current assets held for sale		-	2,744
<b>Net cash flows used in investing activities</b>		<b>(26,602,703)</b>	<b>(12,974,570)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	14	(630,114)	(945,301)
<b>Net cash flows used in financing activities</b>		<b>(630,114)</b>	<b>(945,301)</b>
<b>Net change in cash and cash equivalents</b>		<b>(9,791,672)</b>	<b>(1,357,767)</b>
Net foreign exchange difference		(347,644)	1,361,327
Change in allowance for expected credit losses		2,752	932
Cash and cash equivalents at the beginning of the period		85,157,538	40,498,972
<b>Cash and cash equivalents at the end of the period</b>		<b>75,020,974</b>	<b>40,503,464</b>

Signed and approved for issue on 25 May 2023.

General Director (Chairman of the Management Board)



  
Kymambayev T.N.

Chief Accountant

  
Akhmedina A.S.

*The explanatory notes on pages 8 through 30  
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 2021 (audited)</b>	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	-	-	-	-	-	10,211,440	10,211,440
Other comprehensive loss	-	-	(14,254,974)	3,194,396	-	-	(11,060,578)
<b>Total comprehensive loss for the period</b>	-	-	(14,254,974)	3,194,396	-	10,211,440	(849,138)
Amortization of revaluation reserve for property, plant and equipment	-	-	(3,592,990)	-	-	3,592,990	-
<b>As at 31 March 2022 (unaudited)</b>	61,937,567	(9,549)	267,837,201	43,827,161	(4,310,257)	366,976,755	736,258,878
<b>As at 31 December 2022 (audited)</b>	61,937,567	(9,549)	423,217,162	46,952,044	(188,145)	380,544,246	912,453,325
Net profit for the period	-	-	-	-	-	8,819,487	8,819,487
Other comprehensive loss	-	-	(32,291,074)	206,254	-	-	(32,084,820)
<b>Total comprehensive loss for the period</b>	-	-	(32,291,074)	206,254	-	8,819,487	(23,265,333)
Amortization of revaluation reserve for property, plant and equipment	-	-	(9,792,336)	-	-	9,792,336	-
<b>As at 31 March 2023 (unaudited)</b>	61,937,567	(9,549)	381,133,752	47,158,298	(188,145)	399,156,069	889,187,992

Signed and approved for issue on 25 May 2023

General Director (Chairman of the Management Board)



Chief Accountant

Kurmanbayev T.N.

Akhmedina A.S.

The explanatory notes on pages 8 through 30  
form an integral part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 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 “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 31 March 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 31 March 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% of shares are in free circulation of the Astana International Exchange (AIX) and Kazakhstan Stock Exchange (hereinafter – “KASE”). The Government of the Republic of Kazakhstan is a sole shareholder of Samruk-Kazyna.

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

	Place of incorporation	Principal activities	Ownership	
			31 March 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 on oil transportation via main pipelines, a transport expedition of Kazakhstani oil via pipeline networks of other states, services for the operation and maintenance of oil pipelines of other companies, including joint ventures of the Group. Group’s joint ventures MunaiTas and KCP own Kenkiyak-Atyrau, Kenkiyak-Kumkol, and Atasu-Alashankou pipelines mainly used for transportation of Kazakhstani crude oil, and also for transit of Russian oil to China.

The Company is a natural monopolist and, respectively, is subject to regulation of the Committee on Regulation of Natural Monopolies, Protection of Competition and Consumer rights of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – “CRNM”). CRNM is responsible for approving the methodology for calculating the tariff and tariff rates for oil transportation in domestic market of the Republic of Kazakhstan.

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

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### 1. GENERAL INFORMATION (continued)

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

Starting from 1 January 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.

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

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

These interim condensed consolidated financial statements were approved by internal audit committee of the Company’s Board of Directors and signed by the General Director (Chairman of the Management Board) and the Chief Accountant on 25 May 2023.

### 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

#### Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 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 notes to these interim condensed consolidated financial statements.

Interim condensed consolidated financial statements do not include all information and disclosures required for annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022.

The 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.

#### 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 of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

#### New and amended standards and interpretations applied by the Group (continued)

Some amendments are applied for the first time in 2023. The nature and the impact of each new standard/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.

#### **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 latter part 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 made 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.

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

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

#### Foreign currency translation (continued)

Weighted average currency exchange rates for the three months ended 31 March 2023 and 2022 are as follows:

<i>Tenge</i>	<b>For the three months ended 31 March</b>	
	<b>2023</b>	2022
US Dollars	<b>454.82</b>	457.41
Russian Rubles	<b>6.25</b>	5.33
Euro	<b>487.65</b>	512.80
Georgian Lari	<b>174.94</b>	148.66

As at 31 March 2023 and 31 December 2022 the currency exchange rates of KASE are:

<i>Tenge</i>	<b>31 March 2023</b>	31 December 2022
US Dollars	<b>451.71</b>	462.65
Russian Rubles	<b>5.86</b>	6.43
Euro	<b>558.63</b>	492.86
Georgian Lari	<b>179.25</b>	173.28

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

Property, plant and equipment as at 31 December 2022 and 31 March 2023 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>Gross carrying amount as at 31 December 2022 (audited)</b>	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	(583,944)	-	28,031	225,327	121,815	-	1,168	(19,192)	(226,795)
Additions	4,761	-	217,397	391,984	40	-	6,920	39,958,359	40,579,461
Capitalized costs of the borrowed loan (Note 11)	-	-	-	-	-	-	-	1,081,125	1,081,125
Disposals	(9,571)	(12,686)	(1,016)	(403,002)	(15,942)	-	(39,070)	(12,428)	(493,715)
Impairment (through revaluation reserve)	-	-	-	-	-	(39,549,722)	-	-	(39,549,722)
Transfers from construction in progress	-	81,338	-	56,291	439,313	-	64,522	(641,464)	-
Transfers and reclassifications	-	(1,197,382)	-	(55,989)	(457,846)	-	(302)	1,711,519	-
<b>Gross carrying amount as at 31 March 2023 (unaudited)</b>	<b>35,169,441</b>	<b>287,620,053</b>	<b>26,017,746</b>	<b>114,909,411</b>	<b>248,594,220</b>	<b>184,238,760</b>	<b>11,811,035</b>	<b>70,355,317</b>	<b>978,715,983</b>
<b>Accumulated depreciation and impairment as at 31 December 2022 (audited)</b>	-	-	(213,245)	(382,770)	(2,090,550)	-	(43,137)	-	(2,729,702)
Foreign currency translation	-	-	(922)	(1,951)	(4,681)	-	(90)	-	(7,644)
Depreciation charge	-	(5,441,674)	(1,462,283)	(1,892,721)	(8,180,865)	-	(1,024,948)	-	(18,002,491)
Disposals	-	12,686	-	20,022	10,041	-	39,070	-	81,819
<b>Accumulated depreciation and impairment as at 31 March 2023 (unaudited)</b>	-	<b>(5,428,988)</b>	<b>(1,676,450)</b>	<b>(2,257,420)</b>	<b>(10,266,055)</b>	-	<b>(1,029,105)</b>	-	<b>(20,658,018)</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 31 March 2023 (unaudited)</b>									
Gross carrying amount	35,169,441	287,620,053	26,017,746	114,909,411	248,594,220	184,238,760	11,811,035	70,355,317	978,715,983
Accumulated depreciation and impairment	-	(5,428,988)	(1,676,450)	(2,257,420)	(10,266,055)	-	(1,029,105)	-	(20,658,018)
<b>Net book value</b>	<b>35,169,441</b>	<b>282,191,065</b>	<b>24,341,296</b>	<b>112,651,991</b>	<b>238,328,165</b>	<b>184,238,760</b>	<b>10,781,930</b>	<b>70,355,317</b>	<b>958,057,965</b>
<b>As at 31 December 2022 (audited)</b>									
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)
<b>Net book value</b>	<b>35,758,195</b>	<b>288,748,783</b>	<b>25,560,089</b>	<b>114,312,030</b>	<b>246,416,290</b>	<b>223,788,482</b>	<b>11,734,660</b>	<b>28,277,398</b>	<b>974,595,927</b>

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

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

As at 31 March 2023 construction in progress mainly includes the following production facilities:

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

As at 31 March 2023:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated property, plant and equipment still in use were 144 thousand Tenge (as at 31 December 2022: zero thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 2,997,024 thousand Tenge (as at 31 December 2022: 3,191,264 thousand Tenge), which were acquired for construction works.

Depreciation for three months ended 31 March 2023, capitalised in the cost of construction in progress amounted to 5,335 thousand Tenge (for three months ended 31 March 2022: 5,677 thousand Tenge).

Due to significant changes in the oil price on domestic market, the fair value of the Group's technological oil as at 31 March 2023 was decreased for the amount of 39,549,722 thousand Tenge. Oil price as at 31 March 2023 was 69,196 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 31 March 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
Investments in MunaiTas	72,180,987	67,061,202
Investments in KCP	28,123,001	27,526,984
<b>Total</b>	<b>100,303,988</b>	94,588,186

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 2022 (audited)</b>	94,588,186
Share in income of joint ventures	5,377,169
Share in other comprehensive income of joint ventures	338,633
<b>As at 31 March 2023 (unaudited)</b>	<b>100,303,988</b>

The Company's share in comprehensive income of joint ventures for the three months periods ended 31 March 2023 and 2022 is as follows:

<i>In thousands of Tenge</i>	<b>For the three months ended 31 March (unaudited)</b>	
	2023	2022
<b>Share in income of joint ventures</b>		
KCP	4,489,344	2,184,229
MunaiTas	887,825	641,821
<b>Total share in income of joint ventures</b>	<b>5,377,169</b>	2,826,050
<b>Share in other comprehensive income of joint ventures</b>		
KCP	630,441	719,962
MunaiTas	(291,808)	57,641
<b>Total share in other comprehensive income of joint ventures</b>	<b>338,633</b>	777,603
<b>Total share in comprehensive income of joint ventures</b>	<b>5,715,802</b>	3,603,653

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

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

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

<i>In thousands of Tenge</i>	31 March 2023 (unaudited)	31 December 2022 (audited)
Advances to third parties for property, plant and equipment and construction services	7,984,852	30,105,831
Less: impairment allowance	(866,336)	(886,028)
<b>Total</b>	<b>7,118,516</b>	<b>29,219,803</b>

Movement in reserve for impairment of advances given to suppliers for property, plant and equipment was as follows:

<i>In thousands of Tenge</i>	2023	2022
<b>As at 1 January (audited)</b>	<b>886,028</b>	<b>830,498</b>
Foreign currency translation	(19,692)	62,118
<b>As at 31 March (unaudited)</b>	<b>866,336</b>	<b>892,616</b>

As at 31 March 2023, the increase in advances issued for property, plant and equipment is due to the payment of an advance payment to the contractor for the project “Reconstruction and expansion of the main waterline “Astrakhan-Mangyshlak (1st stage)” (Note 11).

### 6. RIGHT-OF-USE ASSETS

Right-of-use assets as at 31 March 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 con- structions	Machinery, equipment and transfer devices	
<b>Net book value as at 31 December 2022 (audited)</b>	69,072	363,070	325,020	159,903	917,065
Additions (Note 14)	-	6,354,075	-	-	6,354,075
Disposals	-	(4,161,818)	(18,897)	-	(4,180,715)
Modification of agreement (Note 14)	-	181,955	-	-	181,955
Accumulated depreciation on disposal	-	4,161,818	11,600	-	4,173,418
Amortization charge	(617)	(545,025)	(71,116)	(20,047)	(636,805)
<b>Net book value as at 31 March 2023 (unaudited)</b>	<b>68,455</b>	<b>6,354,075</b>	<b>246,607</b>	<b>139,856</b>	<b>6,808,993</b>

### 7. TRADE AND OTHER ACCOUNTS RECEIVABLE

Other long-term accounts receivable as at 31 March 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	31 March 2023 (unaudited)	31 December 2022 (audited)
Other accounts receivable from third parties	1,003,538	961,102
Less: allowance for expected credit losses	(79,870)	(77,818)
<b>Total</b>	<b>923,668</b>	<b>883,284</b>

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

### 7. TRADE AND OTHER ACCOUNTS RECEIVABLE (continued)

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

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
Trade accounts receivable from third parties	7,875,844	7,576,115
Trade accounts receivable from related parties (Note 24)	5,091,424	6,291,233
Other accounts receivable from third parties	510,985	705,492
Other accounts receivable from related parties (Note 24)	509	509
Less: allowance for expected credit losses	<b>(5,935,300)</b>	<b>(6,206,768)</b>
<b>Total</b>	<b>7,543,462</b>	<b>8,366,581</b>

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

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
Tenge	6,561,580	7,719,948
US Dollars	939,104	635,219
Russian Ruble	9,803	2,624
Other currency	32,975	8,790
<b>Total</b>	<b>7,543,462</b>	<b>8,366,581</b>

### 8. OTHER CURRENT ASSETS

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

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
Due for oil transportation coordination services	4,594,288	5,299,968
Investments in bonds	739,650	809,649
Prepaid insurance	367,817	223,958
Deferred expenses from third parties	193,810	304,312
Other	77,419	30,198
<b>Total</b>	<b>5,972,984</b>	<b>6,668,085</b>

### 9. CASH AND CASH EQUIVALENTS

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

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
Time deposits with banks – Tenge	59,205,395	68,970,977
Current accounts with banks – US Dollars	12,273,746	14,426,202
Current accounts with banks – Georgian Lari	1,870,079	1,234,813
Current accounts with banks – Tenge	1,585,738	499,992
Current accounts with banks – other currency	98,073	39,710
Other current accounts with banks	11,704	12,335
Cash on hand	233	256
Allowance for expected credit losses	<b>(23,994)</b>	<b>(26,747)</b>
<b>Total</b>	<b>75,020,974</b>	<b>85,157,538</b>

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

### 9. CASH AND CASH EQUIVALENTS (continued)

As at 31 March 2023:

- 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);
- 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);
- 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

#### Asset revaluation reserve

As at 31 March 2023 asset revaluation reserve was equal to 381,133,752 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 three months ended 31 March 2023 is mainly due to revaluation of the technological oil of the Group (*Note 3*), depreciation of this reserve and revision of estimates of provision for asset retirement and land recultivation obligation.

#### Foreign currency translation reserve

As at 31 March 2023 foreign currency translation reserve was equal to 47,158,298 thousand Tenge (as at 31 December 2022: 46,952,044 thousand Tenge). Change in this reserve is due to the translation of the statements of foreign subsidiaries as a result of changes in foreign exchange rates.

#### Earnings per share

Basic and diluted 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 and diluted earnings per share computations.

<i>In thousands of Tenge</i>	<b>For the three months ended 31 March (unaudited)</b>	
	<b>2023</b>	2022
Net profit for the period attributable to ordinary equity holders of the Parent of the Group	<b>8,819,487</b>	10,211,440
Weighted average number of ordinary shares for basic and diluted earnings per share	<b>384,628,099</b>	384,628,099
<b>Basic and diluted earnings per share, in relation to profit for the period attributable to ordinary equity holders of the Company, as a Parent of the Group (in Tenge)</b>	<b>23</b>	27

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

### 10. EQUITY (continued)

#### 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>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
<b>Total assets</b>	<b>1,199,007,189</b>	1,235,417,960
Less: intangible assets	<b>(8,587,666)</b>	(8,515,332)
Less: total liabilities	<b>(309,819,197)</b>	(322,964,635)
<b>Net assets for calculation of book value per ordinary share</b>	<b>880,600,326</b>	903,937,993
Number of ordinary shares	<b>384,628,099</b>	384,628,099
<b>Book value per ordinary share (in Tenge)</b>	<b>2,289</b>	2,350

### 11. LOANS RECEIVED

Movements in loans received for twelve months ended 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	<b>2023</b>
<b>Loans with a floating interest rate</b>	
<b>As at 1 January (audited)</b>	<b>29,760,793</b>
Accrued remuneration	<b>1,081,125</b>
<b>As at 31 March (unaudited)</b>	<b>30,841,918</b>

On 25 November 2022, Main Waterline entered into an agreement on the provision of a credit line with JSC “Halyk Bank of Kazakhstan”. The amount and currency of a credit line is 66,700,000 thousand Tenge, the interest rate is floating, at the level of the base rate of the National Bank of the Republic of Kazakhstan plus 2.5%, the loan term is 120 months from the date of conclusion of an agreement. The purpose of the credit line is to finance the project “Reconstruction and expansion of the main waterline “Astrakhan-Mangyshlak” 1st stage”.

Samruk-Kazyna acted as the guarantor of the obligations of the Main Waterline under the agreement on the provision of a credit line.

As part of the agreement on the provision of a credit line, a bank loan agreement in the amount of 29,592,745 thousand Tenge was signed on 28 November 2022. The nominal interest rate is floating and is 18.5% per annum (subject to revision every 6 months). The bank loan agreement establishes the beginning of repayment of the loan and payment of remuneration from 1 December 2025 and 30 May 2025, respectively, with a frequency of 1 every six months.

On 28 November 2022, under the bank loan agreement, the Main Waterline received a loan (the 1st tranche) in the amount of 29,592,745 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 the borrowing costs into the value of the qualifying asset.

The effective interest rate on the loan was 15.57%. The total amount of capitalized loan costs in the value of the qualifying asset for the reporting period amounted to 1,081,125 thousand Tenge (*Note 3*).

#### 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 31 March 2023, the Group complies with all non-financial covenants.

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

### 12. CONTRACT LIABILITIES TO CUSTOMERS

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

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
Deferred income from related parties (Note 24)	<b>25,425,677</b>	26,125,466
Deferred income from third parties	<b>8,728,259</b>	9,006,713
<b>Total</b>	<b>34,153,936</b>	35,132,179

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

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
Advances received from related parties (Note 24)	<b>15,999,502</b>	17,774,325
Advances received from third parties	<b>8,018,419</b>	8,238,141
Current part of deferred income from related parties (Note 24)	<b>2,799,157</b>	2,799,157
Current part of deferred income from third parties	<b>702,154</b>	717,570
<b>Total</b>	<b>27,519,232</b>	29,529,193

Deferred income from related parties relates to the free of charge receipt Main Waterline of the new waterline for technical water “Kulsary-Tengiz” (1st stage) in April 2021 and pumping station (2nd stage) in November 2022, built at the expense of water transportation services customer under the agreement on cooperation on the construction of a waterline in the amount 24,987,181 thousand Tenge and 7,467,625 thousand Tenge, respectively. 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. 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 699,789 thousand Tenge (for the three months ended 31 March 2022: 520,566 thousand Tenge).

#### Revenue recognized in respect of contracts with customers

During the current reporting period, the revenue in the amount of 21,811,866 thousand Tenge was recognized in respect of contract liabilities to customers as at the beginning of the reporting period (for the three months ended 31 March 2022: 18,210,200 thousand Tenge).

### 13. TRADE AND OTHER ACCOUNTS PAYABLE

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

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
Accounts payable to third parties for goods and services	<b>5,847,980</b>	16,530,280
Accounts payable to related parties for goods and services (Note 24)	<b>1,621,406</b>	1,389,533
Other accounts payable to third parties	<b>1,231,792</b>	1,311,009
<b>Total</b>	<b>8,701,178</b>	19,230,822

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

### 13. TRADE AND OTHER ACCOUNTS PAYABLE (continued)

As at 31 March 2023 trade and other accounts payable included payables to related and third parties, related to the property, plant and equipment and construction-in-progress in the amount of 1,259,738 thousand Tenge (as at 31 December 2022: 8,288,535 thousand Tenge).

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

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
Tenge	<b>7,957,705</b>	18,416,184
US Dollars	<b>166,185</b>	182,469
Russian Roubles	<b>13,553</b>	4,352
Euro	<b>2,259</b>	2,313
Other currency	<b>561,476</b>	625,504
<b>Total</b>	<b>8,701,178</b>	19,230,822

### 14. LEASE LIABILITIES

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

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
Non-current portion of obligations	<b>5,089,923</b>	198,450
Current portion of obligations	<b>1,978,755</b>	942,217
<b>Total</b>	<b>7,068,678</b>	1,140,667

Changes in the present value of obligations for the twelve months ended 31 March 2023 and 31 December 2022 are as follows:

<i>In thousands of Tenge</i>	<b>2023</b>	2022
<b>As at 1 January (audited)</b>	<b>1,140,667</b>	1,660,914
Additions for the period	<b>6,354,075</b>	13,912
Modification of agreement	<b>181,955</b>	159,842
Unwinding of discount on obligations (Note 21)	<b>28,030</b>	35,624
Payments for the period	<b>(630,114)</b>	(945,301)
Disposals for the period	<b>(5,935)</b>	-
<b>As at 31 March (unaudited)</b>	<b>7,068,678</b>	924,991

### 15. PROVISIONS

#### Short-term provisions

Short-term provisions of the Group are mainly presented by tax provisions (BOT and BSP) and, as at 31 March 2023, amount to 1,399,865 thousand Tenge (as at 31 December 2022: 1,309,778 thousand Tenge).



**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 months ended 31 March 2023 and 2022 is as follows:

<i>In thousands of Tenge</i>	<b>For the three months ended 31 March</b>					
	<b>Provision for oil pipelines and landfills</b>	<b>Provision for OPS</b>	<b>Total</b>	<b>Provision for oil pipelines and landfills</b>	<b>Provision for OPS</b>	<b>Total</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
<b>At the beginning of the period (audited)</b>	<b>28,586,114</b>	<b>12,078,865</b>	<b>40,664,979</b>	34,547,151	–	34,547,151
Revision of estimates through other comprehensive loss/(income)	<b>896,684</b>	<b>340,727</b>	<b>1,237,411</b>	(2,731,174)	–	(2,731,174)
Revision of estimates and reversal through profit and loss, net ( <i>Note 20</i> )	<b>117,537</b>	<b>91,619</b>	<b>209,156</b>	(312,058)	–	(312,058)
Unwinding of discount ( <i>Note 21</i> )	<b>720,100</b>	<b>304,273</b>	<b>1,024,373</b>	566,178	–	566,178
<b>At the end of the period (unaudited)</b>	<b>30,320,435</b>	<b>12,815,484</b>	<b>43,135,919</b>	32,070,097	–	32,070,097

As at 31 March 2023 the Group revised the long-term provisions considering current best estimate, which was based on the discount rate of 10.43% (as at 31 December 2022: 10.46%) and the inflation rate of 6.6% (as at 31 December 2022: 6.23%).

As at 31 March 2022 the Group revised the long-term provisions considering current best estimate, which was based on the discount rate of 6.56% (as at 31 December 2021: 6.72%) and the inflation rate of 4.69% (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).

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

### 16. OTHER CURRENT LIABILITIES

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

<i>In thousands of Tenge</i>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
<b>Other current non-financial liabilities</b>		
Liabilities for oil transportation coordination services to related parties (Note 24)	<b>9,651,060</b>	8,039,904
Liabilities for oil transportation coordination services to third parties	<b>6,302,325</b>	4,215,483
Liabilities for pension contributions and social insurance	<b>1,265,237</b>	1,221,720
	<b>17,218,622</b>	13,477,107
<b>Other current financial liabilities</b>		
Provisions for vacations and other benefits	<b>6,764,460</b>	9,799,370
Employee salary	<b>5,487,530</b>	4,813,702
Liabilities for oil transportation coordination services to third parties	<b>378,798</b>	486,449
Other	<b>360,542</b>	755,355
	<b>12,991,330</b>	15,854,876
<b>Total other current liabilities</b>	<b>30,209,952</b>	29,331,983

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

Revenue for the three months ended 31 March 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For three months ended 31 March 2023 (unaudited)				
	Oil transportation and related services	Oil transshipment	Water transportation	Others	Total for segments
Crude oil transportation	48,997,396	-	-	-	48,997,396
Pipeline operation and maintenance services	6,410,897	-	-	-	6,410,897
Oil, oil-products and gas transshipment and railway shipment	-	4,867,938	-	-	4,867,938
Water transportation	-	-	4,671,846	-	4,671,846
Seaport services	-	-	-	1,812,913	1,812,913
Fees for undelivered oil volumes	292,184	-	-	-	292,184
Oil transportation coordination services	115,256	-	-	-	115,256
Other	53,445	405,245	224	224,225	683,139
<b>Total revenue under contracts with customers</b>	<b>55,869,178</b>	<b>5,273,183</b>	<b>4,672,070</b>	<b>2,037,138</b>	<b>67,851,569</b>
<b>Geographic regions of customers*</b>					
Kazakhstan	49,141,952	3,365,213	4,672,070	-	57,179,235
Russia	6,595,355	-	-	-	6,595,355
Georgia	-	770,465	-	2,008,030	2,778,495
Others	131,871	1,137,505	-	29,108	1,298,484
<b>Total revenue under contracts with customers</b>	<b>55,869,178</b>	<b>5,273,183</b>	<b>4,672,070</b>	<b>2,037,138</b>	<b>67,851,569</b>
<b>Timing of revenue recognition</b>					
At a point in time	49,458,281	5,273,183	4,672,070	2,037,138	61,440,672
Over time	6,410,897	-	-	-	6,410,897
<b>Total revenue under contracts with customers</b>	<b>55,869,178</b>	<b>5,273,183</b>	<b>4,672,070</b>	<b>2,037,138</b>	<b>67,851,569</b>

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

<i>In thousands of Tenge</i>	For three months ended 31 March 2022 (unaudited)				
	Oil transportation and related services	Oil transshipment	Water transportation	Others	Total for segments
Crude oil transportation	42,492,574	-	-	-	42,492,574
Pipeline operation and maintenance services	4,866,063	-	-	-	4,866,063
Oil, oil-products and gas transshipment and railway shipment	-	3,303,415	-	-	3,303,415
Water transportation	-	-	2,337,535	-	2,337,535
Seaport services	-	-	-	1,869,892	1,869,892
Fees for undelivered oil volumes	516,473	-	-	-	516,473
Oil transportation coordination services	112,797	-	-	-	112,797
Other	19,251	-	372	542,945	562,568
<b>Total revenue under contracts with customers</b>	<b>48,007,158</b>	<b>3,303,415</b>	<b>2,337,907</b>	<b>2,412,837</b>	<b>56,061,317</b>
<b>Geographic regions of customers*</b>					
Kazakhstan	41,679,978	1,975,554	2,337,907	-	45,993,439
Russia	6,327,180	-	-	-	6,327,180
Georgia	-	933,574	-	2,385,850	3,319,424
Others	-	394,287	-	26,987	421,274
<b>Total revenue under contracts with customers</b>	<b>48,007,158</b>	<b>3,303,415</b>	<b>2,337,907</b>	<b>2,412,837</b>	<b>56,061,317</b>
<b>Timing of revenue recognition</b>					
At a point in time	43,141,095	3,303,415	2,337,907	2,412,837	51,195,254
Over time	4,866,063	-	-	-	4,866,063
<b>Total revenue under contracts with customers</b>	<b>48,007,158</b>	<b>3,303,415</b>	<b>2,337,907</b>	<b>2,412,837</b>	<b>56,061,317</b>

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

For the three months ended 31 March 2023 the revenue from the three major customers amounted to 13,674,934 thousand Tenge, 7,601,755 thousand Tenge and 4,656,529 thousand Tenge (for the three months ended 31 March 2022: 10,609,282 thousand Tenge, 6,294,326 thousand Tenge and 4,404,269 thousand Tenge, respectively).

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

### 18. COST OF SALES

Cost of sales for the three months ended 31 March 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2023	2022
Personnel cost	23,610,357	17,656,678
Depreciation and amortization	18,420,422	13,050,117
Security services	3,282,955	1,690,209
Taxes other than income tax	3,094,305	2,599,529
Railway services	2,679,799	1,683,726
Electric energy	2,482,396	2,336,657
Repair and maintenance	1,702,957	1,558,639
Materials and fuel	1,424,280	1,435,251
Gas expense	1,179,249	1,242,964
Food and accommodation	632,369	540,238
Insurance	304,783	241,129
Business trip expenses	168,531	149,753
Post-employment benefits	168,321	229,762
Other	1,054,862	929,980
<b>Total</b>	<b>60,205,586</b>	<b>45,344,632</b>

The increase in personnel costs in the reporting period is mainly due to the salary indexation of production employees of the Group, as well as the implementation of the new wage system by the Company in second quarter of 2022.

The increase in depreciation and amortization is due to an increase in the net book value of property, plant and equipment due to their revaluation in the end of 2022.

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

The increase in taxes other than income tax is due to an increase in property tax due to the revaluation of property, plant and equipment in the end of 2022.

The increase in railway services costs is mainly associated with an increase in volumes and tariffs for the transportation of products starting from second quarter of 2022 (PTL).

### 19. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months ended 31 March 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2023	2022
Personnel costs	2,071,943	2,160,779
Depreciation and amortization	386,390	359,175
Repair and maintenance	123,586	116,310
Office maintenance	117,580	124,304
Outstaffing services	73,266	63,587
Charge of short-term provisions	68,223	-
Business trip expenses	66,295	45,494
Taxes other than income tax	57,921	77,178
Social sphere expenses	48,004	1,556
Auditing and consulting services	39,264	47,735
Write-off of VAT recoverable	36,072	28,521
Information services	34,970	34,775
Communication services	22,488	32,588
Bank costs	12,059	19,277
Materials and fuel	10,950	17,782
Charge of allowance for expected credit losses, net	10,831	80,009
Post-employment benefits	10,744	13,703
Other	213,533	141,911
<b>Total</b>	<b>3,404,119</b>	<b>3,364,684</b>

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

### 20. OTHER OPERATING INCOME AND EXPENSES

Other operating income for the three months ended 31 March 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2023	2022
Income from fines and penalties	183,209	207,711
Amortization of deferred revenue	73,960	74,243
Income from revision of estimates and reversal of provision on asset retirement and land recultivation obligation, net (Note 15)	–	312,058
Other income	15,995	26,299
<b>Total</b>	<b>273,164</b>	<b>620,311</b>

Other operating expenses for the three months ended 31 March 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2023	2022
Loss from revision of estimates and reversal of provision on asset retirement and land recultivation obligation, net (Note 15)	209,156	–
Loss on disposal of property, plant and equipment, net	17,534	66,246
Other expenses	14,363	28,648
<b>Total</b>	<b>241,053</b>	<b>94,894</b>

### 21. FINANCE INCOME AND EXPENSES

Finance income for the three months ended 31 March 2023 and 2022 is as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2023	2022
Interest income on bank deposits and current accounts	2,459,435	408,497
Unwinding of discount on long-term receivables	42,958	46,366
Reversal of impairment of allowance for expected credit losses on cash and cash equivalents, bank deposits, net	608	3,043
Income from revision the fair value of bonds	–	28,972
Other finance income	5,912	4,574
<b>Total</b>	<b>2,508,913</b>	<b>491,452</b>

Finance expenses for the three months ended 31 March 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2023	2022
Unwinding of discount on asset retirement and land recultivation obligation (Note 15)	1,024,373	566,178
Net interest cost on employee benefit obligations	364,096	366,322
Unwinding of discount on lease liabilities (Note 14)	28,030	35,624
Other finance expenses	2,111	4,142
<b>Total</b>	<b>1,418,610</b>	<b>972,266</b>

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

### 22. INCOME TAX EXPENSE

Income tax expenses for the three months ended 31 March 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2023	2022
Current income tax expense	2,761,635	2,323,891
Adjustments of the past periods	81,315	139,049
Deferred income tax benefits	(1,224,211)	(87,950)
<b>Income tax expense</b>	<b>1,618,739</b>	<b>2,374,990</b>

Movement in net deferred tax liabilities for the three months ended 31 March 2023 and 2022 are as follows:

<i>In thousands of Tenge</i>	2023	2022
<b>As at January 1 (audited)</b>	107,509,698	78,764,696
Charged to other comprehensive income	(8,157,426)	(3,758,144)
Charged to profit and loss	(1,224,211)	(87,950)
Foreign currency translation	-	(34)
<b>As at 31 March (unaudited)</b>	<b>98,128,061</b>	<b>74,918,568</b>

### 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 separate segments.

Services on transshipment of oil and oil-products through BSP with operation of BOT are included in “Oil transshipment” segment. Revenue from oil terminal is generated through storage, transshipment of oil and oil-products and expedition. Expedition services rendered by PTL, represent transshipment of oil and oil-products 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 of the Group analyses its operating segments by segment profit. The following tables present information on revenue, profit or loss for the three month periods ended 31 March 2023 and 2022, assets and liabilities for the segments of the Group as at 31 March 2023 and 31 December 2022, respectively

	For the three months ended 31 March 2023 (unaudited)					For the three months ended 31 March 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>												
<b>Revenue</b>												
External customers	55,869,178	5,273,183	4,672,070	2,037,138	-	67,851,569	48,007,158	3,303,415	2,337,907	2,412,837	-	56,061,317
Intersegmental	177,466	-	17,227	-	(194,693)	-	159,298	-	20,727	-	(180,025)	-
<b>Total revenue</b>	<b>56,046,644</b>	<b>5,273,183</b>	<b>4,689,297</b>	<b>2,037,138</b>	<b>(194,693)</b>	<b>67,851,569</b>	<b>48,166,456</b>	<b>3,303,415</b>	<b>2,358,634</b>	<b>2,412,837</b>	<b>(180,025)</b>	<b>56,061,317</b>
<b>Financial results</b>												
Depreciation and amortization	(15,909,862)	(260,157)	(2,307,958)	(328,835)	-	(18,806,812)	(11,649,753)	(211,781)	(1,269,195)	(278,563)	-	(13,409,292)
Interest income	2,268,570	45,937	100,356	44,572	-	2,459,435	336,466	15,552	28,120	28,359	-	408,497
Share in income of joint ventures	5,377,169	-	-	-	-	5,377,169	2,826,050	-	-	-	-	2,826,050
Income tax expenses	(1,610,933)	-	(7,806)	-	-	(1,618,739)	(2,559,485)	-	192,653	(11,435)	3,277	(2,374,990)
<b>Segment profit/(loss) for the period</b>	<b>8,160,332</b>	<b>349,302</b>	<b>(2,357)</b>	<b>312,230</b>	<b>(20)</b>	<b>8,819,487</b>	<b>9,313,252</b>	<b>(132,649)</b>	<b>(717,056)</b>	<b>1,043,581</b>	<b>704,312</b>	<b>10,211,440</b>
	As at 31 March 2023 (unaudited)					As at 31 December 2022 (audited)						
	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>												
<b>Other disclosures</b>												
Total assets	1,058,035,327	53,259,771	146,876,187	24,050,848	(83,214,944)	1,199,007,189	1,093,895,555	55,089,123	145,839,799	23,739,961	(83,146,478)	1,235,417,960
Total liabilities	226,316,856	9,513,916	61,271,075	12,991,856	(274,506)	309,819,197	238,046,342	11,089,259	60,832,330	13,802,700	(805,996)	322,964,635
Investments in joint ventures (Note 4)	100,303,988	-	-	-	-	100,303,988	94,588,186	-	-	-	-	94,588,186
Capital expenditures, including:	18,145,057	57,762	22,006,356	5,457	-	40,214,632	39,190,642	809,854	2,795,844	1,574,999	(69,786)	44,301,553
Property, plant and equipment	18,122,907	55,488	22,006,356	1,364	-	40,186,115	38,739,832	790,495	2,781,547	1,451,469	(69,786)	43,693,557
Intangible assets	22,150	2,274	-	4,093	-	28,517	450,810	19,359	14,297	123,530	-	607,996



## 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 agreed terms 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 three months ended 31 March 2023 and 2022 and the related balances as at 31 March 2023 and 31 December 2022:

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

<i>In thousands of Tenge</i>	<b>Note</b>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
<b>Trade and other accounts receivable from related parties</b>			
Trade accounts receivable from entities under common control of KMG		1,985,714	2,185,711
Trade accounts receivable from joint ventures of the Company		1,787,730	1,540,699
Trade accounts receivable from entities under common control of Samruk-Kazyna		1,317,980	2,564,823
<b>Total trade accounts receivable from related parties</b>	7	<b>5,091,424</b>	6,291,233
<b>Other accounts receivables from entities under common control of KMG and Samruk-Kazyna</b>			
		509	509
<b>Total other accounts receivable from related parties</b>	7	<b>509</b>	509
Less: allowance for expected credit losses		(6,589)	(7,407)
<b>Total trade and other accounts receivable from related parties</b>		<b>5,085,344</b>	6,284,335

Advances provided to related parties are as follows:

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

Contract liabilities to customers to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>31 March 2023 (unaudited)</b>	31 December 2022 (audited)
<b>Contract liabilities to customers to related parties</b>			
Non-current part of deferred income under contracts with entities under common control of KMG		25,425,677	26,125,466
<b>Total non-current contract liabilities to customers to related parties</b>	12	<b>25,425,677</b>	26,125,466
Advances received from entities under common control of KMG		15,790,650	17,573,782
Advances received from entities under common control of Samruk-Kazyna		208,852	200,543
Current part of deferred income under contracts with entities under common control of KMG		2,799,157	2,799,157
<b>Total current contract liabilities to customers to related parties</b>	12	<b>18,798,659</b>	20,573,482
<b>Total contract liabilities to customers to related parties</b>		<b>44,224,336</b>	46,698,948

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

### 24. RELATED PARTY TRANSACTIONS (continued)

Trade accounts payable to related parties are as follows:

<i>In thousands of Tenge</i>	Note	31 March 2023 (unaudited)	31 December 2022 (audited)
<b>Trade accounts payable to related parties for goods and services</b>			
Trade accounts payable to entities under common control of KMG		974,908	1,001,456
Trade accounts payable to entities under common control of Samruk-Kazyna		627,798	379,159
Trade accounts payable to joint ventures of the Company		18,700	8,918
<b>Total trade accounts payable to related parties for goods and services</b>	13	<b>1,621,406</b>	<b>1,389,533</b>

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	Note	31 March 2023 (unaudited)	31 December 2022 (audited)
<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		9,651,060	8,039,904
<b>Total accounts payable for oil transportation coordination services to related parties</b>	16	<b>9,651,060</b>	<b>8,039,904</b>
<b>Employee benefits obligation of key management personnel</b>			
Employee benefits obligation of key management personnel		39,021	68,028
<b>Total employee benefits obligation of key management personnel</b>		<b>39,021</b>	<b>68,028</b>
<b>Total other current liabilities to related parties</b>		<b>9,690,081</b>	<b>8,107,932</b>

The following tables provide the total amount of transactions, which have been entered into with related parties during the three months ended 31 March 2023 and 2022:

<i>In thousands of Tenge</i>	For the three months ended 31 March (unaudited)	
	2023	2022
<b>Sales to related parties</b>		
Revenue from main activities with entities under common control of KMG	37,423,357	28,590,804
Revenue from main activities with joint ventures of the Company	3,883,677	2,758,293
Revenue from main activities with entities under common control of Samruk-Kazyna	2,518,587	2,025,362
Revenue from other activities with entities under common control of Samruk-Kazyna	-	53,983
Revenue from other activities with entities under common control of KMG	-	16,468
<b>Total</b>	<b>43,825,621</b>	<b>33,444,910</b>

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)

### 24. RELATED PARTY TRANSACTIONS (continued)

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

<i>In thousands of Tenge</i>	<b>For the three months ended 31 March (unaudited)</b>	
	<b>2023</b>	<b>2022</b>
<b>Purchases from related parties</b>		
Purchases of services from entities under common control of KMG	<b>2,533,354</b>	1,332,313
Purchases of services from entities under common control of Samruk-Kazyna	<b>927,607</b>	781,031
Purchases of inventory from entities under common control of KMG	<b>117</b>	-
Purchases of inventory from entities under common control of Samruk-Kazyna	<b>45</b>	45
Purchases of services from joint ventures of the Company	<b>-</b>	21,198
<b>Total</b>	<b>3,461,123</b>	<b>2,134,587</b>

Total accrued compensation to key management personnel for the three months ended 31 March 2023 amounts to 92,131 thousand Tenge (for the three months ended 31 March 2022: 92,665 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal regulations.

### 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 2022. During three months ended 31 March 2023 there were no significant changes, except for the following:

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

As at 31 March 2023, the Group had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 144,467,960 thousand Tenge (as at 31 December 2022: 157,285,948 thousand Tenge). These contractual commitments are a part of the investment program.

Share of the Group as at 31 March 2023 in contractual obligations of joint ventures to acquire property, plant and equipment, and construction services amounted to 333,478 thousand Tenge (as at 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 the investment program from 2021 to 2025 in the amount of 214.2 billion Tenge. As at 31 March 2023 the balance of obligation under the investment program of the Company to be fulfilled was 135 billion Tenge.

#### **Tax liabilities of enterprises in Georgia**

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 1,306,553 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 1,060,264 thousand Tenge).

At at 31 March 2023 the amount of recognized tax liabilities by BSP was 4,445 thousand Georgian Lari (equivalent to 796,766 thousand Tenge). The remaining amount of 1,470 thousand Georgian Lari (equivalent to 263,498 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 31 March 2023 BSP continues challenging the decisions of Revenue Service in the prescribed manner.

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

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**25. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****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.

**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 funds 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, investment in bonds, trade and other accounts payable, other current liabilities are approximately equal to their fair value due to the short-term nature of these financial instruments.

The carrying amount of loans received carried at amortized cost are approximately equal to their fair value, based on the market rate of long-term bank loans.

**27. SUBSEQUENT EVENTS**

On 10 April 2023, under the bank loan agreement (*Note 11*), Main Waterline received a loan (second 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” .

On 18 April 2023, the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market carried out the state registration of the bond issue of Main Waterline in the amount of 50 billion Tenge. The number of bonds is 50 million, the interest rate is 0.5%, the maturity of the bonds is 10 years from the date the bonds begin to circulate, including a 2-year preferential period for the principal debt repayment. The purpose of the bond issue is to finance the project "Reconstruction and expansion of the main water pipeline "Astrakhan-Mangyshlak" 1 stage". On 27 April 2023, a bond sale and purchase Agreement was signed between Main Waterline and KMG, and Main Waterline received cash in the amount of 50 billion Tenge.

On 24 May 2023, at the Annual General Meeting of Shareholders of the Company, a decision was made to pay dividends based on the 2022 results in the amount of 15,000,496 thousand Tenge (calculated as 39 Tenge per 1 ordinary share).