

Intergas Central Asia JSC

Interim condensed financial statements (unaudited)

As at and for the six months ended June 30, 2021



CONTENTS

Report on review of interim condensed financial statements (unaudited)

Interim condensed financial statements (unaudited)

| | |
|--|------|
| Interim statement of financial position | 1 |
| Interim statement of comprehensive income | 2 |
| Interim statement of cash flows | 3 |
| Interim statement of changes in equity | 4 |
| Notes to the interim condensed financial statements (unaudited)..... | 5-20 |



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Report on review of Interim Financial Information

To the Shareholder and Management of Intergas Central Asia JSC

Introduction

We have reviewed the accompanying interim condensed financial statements of "Intergas Central Asia" JSC ("the Company"), which comprise the interim statement of financial position as at 30 June 2021 and the related interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes (interim financial information). Management is responsible for the preparation and fair 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 "Intergas Central Asia" JSC is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP

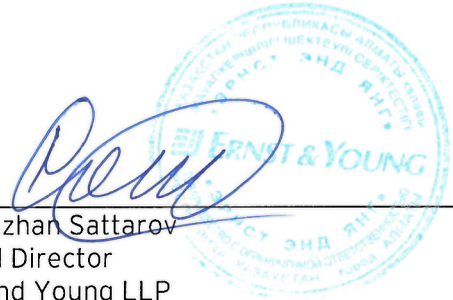
Paul Cohn
Audit Partner



Albert Asmatulayev
Auditor



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General Director
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Auditor qualification certificate
No MF-0000461 dated 6 February 2017.

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

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22 July 2021

INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

| <i>In thousands of tenge</i> | Notes | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
|---|-------|---------------------------------|-----------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 688,111,583 | 703,004,494 |
| Intangible assets | | 4,008,969 | 4,351,733 |
| Right-of-use assets | 20 | 18,316,735 | 34,971,834 |
| Advances paid for non-current assets | 6 | 8,840,074 | 9,189,769 |
| Bank deposits | | 1,394,734 | 2,029,687 |
| Other non-current assets | | 5,429,737 | 3,028,084 |
| | | 726,101,832 | 756,575,601 |
| Current assets | | | |
| Inventories | | 2,933,331 | 2,423,503 |
| Trade and other receivables | 7 | 45,430,992 | 42,238,407 |
| Advances paid | 6 | 200,334 | 180,063 |
| Prepaid taxes other than income tax | 8 | 133,640 | 123,974 |
| Corporate income tax prepaid | 19 | 3,893,617 | 20,245,266 |
| Bank deposits | | 12,709 | 8,907 |
| Cash and cash equivalents | 9 | 48,434,091 | 57,600,542 |
| | | 101,038,714 | 122,820,662 |
| Assets held for sale | 5 | 40,377,593 | 42,241,262 |
| | | 141,416,307 | 165,061,924 |
| Total assets | | 867,518,139 | 921,637,525 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 10 | 392,985,220 | 392,985,220 |
| Retained earnings | | 220,338,001 | 280,713,200 |
| | | 613,323,221 | 673,698,420 |
| Non-current liabilities | | | |
| Long-term portion of bank loans | 11 | 33,366,636 | 37,550,136 |
| Long-term portion of financial guarantee obligation | | 8,059,848 | 8,700,500 |
| Employee benefit obligations | | 554,885 | 474,235 |
| Gas pipeline abandonment and site restoration provision | 12 | 80,138,407 | 75,816,180 |
| Other non-current financial liabilities | | 836,997 | 836,997 |
| Deferred income tax liabilities | 19 | 58,385,887 | 58,005,469 |
| | | 181,342,660 | 181,383,517 |
| Current liabilities | | | |
| Current portion of bank loans | 11 | 8,786,176 | 8,766,795 |
| Employee benefit obligations | | 36,006 | 36,006 |
| Trade and other payables | 13 | 22,100,102 | 12,380,074 |
| Taxes payable other than income tax | | 2,760,978 | 3,750,981 |
| Contractual obligations | | 929,027 | 1,222,463 |
| Other current financial liabilities | | 34,635,499 | 35,007,134 |
| Other current liabilities | 14 | 3,604,470 | 5,392,135 |
| | | 72,852,258 | 66,555,588 |
| Total liabilities | | 254,194,918 | 247,939,105 |
| Total equity and liabilities | | 867,518,139 | 921,637,525 |

Deputy General Director

Chief Accountant



The accounting policies and explanatory notes on pages 5 through 20 form an integral part of these interim condensed financial statements (unaudited).

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2021

| <i>In thousands of tenge</i> | Notes | For the six months ended June 30, | |
|--|-------|-----------------------------------|---------------------|
| | | 2021 (unaudited) | 2020 (unaudited) |
| Revenue from contracts with customers | 15 | 119,544,228 | 96,046,530 |
| Cost of sales | 16 | (69,758,022) | (52,147,409) |
| Gross profit | | 49,786,206 | 43,899,121 |
| General and administrative expenses | 17 | (4,653,190) | (4,516,786) |
| Other operating income | | 990,354 | 1,286,372 |
| Other operating expenses | | (297,956) | (96,197) |
| Operating profit | | 45,825,414 | 40,572,510 |
| Foreign exchange gain, net | | 481,411 | 3,366,852 |
| Finance income | | 1,420,183 | 1,001,304 |
| Finance costs | 18 | (6,884,969) | (4,058,819) |
| Profit before income tax | | 40,842,039 | 40,881,847 |
| Income tax expenses | 19 | (9,532,067) | (8,662,358) |
| Net profit for the period | | 31,309,972 | 32,219,489 |
| Other comprehensive income | | | |
| <i>Other comprehensive income not to be classified to profit or loss in subsequent periods</i> | | | |
| Re-measurement of defined benefit plans – actuarial gain | | - | 41,097 |
| Other comprehensive gain for the period, net of tax | | - | 41,097 |
| Total comprehensive income for the period, net of tax | | 31,309,972 | 32,260,586 |
| Earnings per share in tenge | | | |
| Basic and diluted | 10 | 0.11 | 0.11 |

Deputy General Director



Mamitova A.E.

Chief Accountant

Tanelbay B.

The accounting policies and explanatory notes on pages 5 through 20 form an integral part of these interim condensed financial statements (unaudited).

INTERIM STATEMENT OF CASH FLOWS

For the six months ended June 30, 2021

| <i>In thousands of tenge</i> | Notes | For the six months ended June 30, | |
|---|-------|-----------------------------------|---------------------|
| | | 2021 (unaudited) | 2020 (unaudited) |
| Cash flows from operating activities | | | |
| Receipts from customers | | 127,081,768 | 129,048,432 |
| Payments to suppliers | | (30,018,900) | (27,149,943) |
| Payments to employees | | (15,925,172) | (13,855,213) |
| Taxes paid other than income tax | | (9,692,371) | (8,750,762) |
| VAT refund from the state | 8 | 3,000,000 | 5,611,086 |
| Other receipts | | 857,259 | 451,515 |
| Other payments | | (2,337,099) | (4,859,764) |
| Corporate income tax paid | | - | (5,502,000) |
| Interest paid | | (2,307,166) | (2,818,951) |
| Interest received | | 775,729 | 214,327 |
| Net cash flows received from operating activities | | 71,434,048 | 72,388,727 |
| Cash flows from investing activities | | | |
| Withdrawal of bank deposits | | 634,953 | 298,813 |
| Placement of bank deposits | | - | (75,595) |
| Purchase of property, plant and equipment | | (23,711,894) | (29,200,456) |
| Proceeds from sale of property, plant and equipment | | 40,875,610 | - |
| Net cash flows from/(used in) investing activities | | 17,798,669 | (28,977,238) |
| Cash flows from financing activities | | | |
| Proceeds from bank loans | | - | 4,314,938 |
| Repayment of bank loans | 11 | (4,237,310) | (6,842,688) |
| Repayment of principal of lease liabilities | | (2,854,739) | - |
| Dividends paid | 10 | (91,685,171) | (34,240,775) |
| Net cash flows used in financing activities | | (98,777,220) | (36,768,525) |
| Net (decrease)/increase in cash and cash equivalents | | (9,544,503) | 6,642,964 |
| Effects of exchange rate on cash and cash equivalents | | 378,052 | 2,950,243 |
| Cash and cash equivalents, at the beginning of the period | | 57,600,542 | 47,445,656 |
| Cash and cash equivalents, at the end of the period | 9 | 48,434,091 | 57,038,863 |

Deputy General Director

Chief Accountant



Mamutova A.E.

Tenelbay B.

The accounting policies and explanatory notes on pages 5 through 20 form an integral part of these interim condensed financial statements (unaudited).

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2021

| <i>In thousands of tenge</i> | Share capital | Retained earnings | Total |
|--|---------------|-------------------|--------------|
| As at January 1, 2020 (audited) | 392,985,220 | 309,386,591 | 702,371,811 |
| Net profit for the period (unaudited) | - | 32,219,489 | 32,219,489 |
| Other comprehensive income, net of tax | - | 41,097 | 41,097 |
| Total comprehensive income for the period | - | 32,260,586 | 32,260,586 |
| Dividends on common shares (Note 10) | - | (85,370,844) | (85,370,844) |
| Dividends on preferred shares (Note 10) | - | (3,114) | (3,114) |
| As at June 30, 2020 (unaudited) | 392,985,220 | 256,273,219 | 649,258,439 |
| As at January 1, 2021 (audited) | 392,985,220 | 280,713,200 | 673,698,420 |
| Net profit for the period (unaudited) | - | 31,309,972 | 31,309,972 |
| Total comprehensive income for the period | - | 31,309,972 | 31,309,972 |
| Dividends on common shares (Note 10) | - | (83,526,405) | (83,526,405) |
| Dividends on preferred shares (Note 10) | - | (8,158,766) | (8,158,766) |
| As at June 30, 2021 (unaudited) | 392,985,220 | 220,338,001 | 613,323,221 |

Deputy General Director

Chief Accountant



Mamutova A.E.

Tenelbay B.

The accounting policies and explanatory notes on pages 5 through 20 form an integral part of these interim condensed financial statements (unaudited).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)**For the six months ended June 30, 2021**

1. GENERAL INFORMATION

“Intergas Central Asia” JSC (the “Company”) was established in accordance with the laws of the Republic of Kazakhstan. The Company was registered on July 1, 1997 as a closed joint stock company. On January 28, 2005 the Company was re-registered as a joint stock company in accordance with the requirements of the legislation.

The Company is 100% owned by “KazTransGas” JSC (the “Shareholder” and “KTG”), a joint stock company established under the laws of the Republic of Kazakhstan. “NC KazMunayGas” JSC (“KazMunayGas”) is the sole shareholder of “KazTransGas” JSC. The Government represented by “Sovereign Wealth Fund “Samruk-Kazyna” JSC (“Samruk-Kazyna”) owns 90% minus 1 (one) share of KazMunayGas, and all subsidiaries of KazMunayGas and Samruk-Kazyna are considered as related parties of the Company (*Note 20*).

The principal activities of the Company are transportation, sale and storage of natural gas and provision of services on technical maintenance of gas pipelines.

The Company’s operating activities are regulated by the Law of the Republic of Kazakhstan dated December 27, 2018 No. 204-VI *On Natural Monopolies* (the “Law”) as the Company is a natural monopolist in transportation of gas within the Republic of Kazakhstan and storage of natural gas. According to the Law, the Company’s gas transportation tariff within the Republic of Kazakhstan and storage tariffs are approved by the Committee of the Republic of Kazakhstan for the Regulation of Natural Monopolies and Protection of Competition under the Ministry of National Economy of the Republic of Kazakhstan.

In accordance with the Decree of the Government of the Republic of Kazakhstan dated June 15, 2018 No. 353, the Company obtained the status of a national operator of main gas pipelines. The main tasks of the national operator are to ensure the interest of the state and transport commodity gas through main gas pipelines to the domestic and foreign markets. In addition, the Company will ensure the innovative development of the main gas pipeline system and its integration into the world energy system, enhancement the state’s energy potential through diversification of commodity gas flows.

As at June 30, 2021 the Company has commitments in the amount of 10,897,378 thousand tenge under the investment program for 2016-2021 approved by the common order of Vice-Minister of Energy dated July 29, 2016 No. 360 and Chairman of the Committee on Regulation of Natural Monopolies and Protection of Competition under the Ministry of national economy of the Republic of Kazakhstan dated July 29, 2016 No. 203-OD (as at December 31, 2020: 10,897,378 thousand tenge). The results of the implementation of this program can influence the future tariffs. As of June 30, 2021, the Company fulfills its obligations under the approved investment program, taking into account the adjustments made.

The Company’s head office is located at BC “Bolashak”, 12 Alikhan Bokeikhan Avenue, Nur-Sultan, Republic of Kazakhstan.

The accompanying interim condensed financial statements were authorized for issue by the Deputy General Director and Chief Accountant of the Company on July 22, 2021.

2. BASIS OF PREPARATION

These interim condensed financial statements have been prepared as on June 30, 2021 in accordance with IAS 34 *Interim Financial Reporting* (the “IAS 34”). These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2020.

Foreign currency translation

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange (“KASE”) are used as official currency exchange rates in the Republic of Kazakhstan. As at June 30, 2021, the currency exchange rate of KASE was 427.89 tenge to 1 US dollar. This rate was used for translation of monetary assets and liabilities denominated in US dollar at June 30, 2021 (at December 31, 2020: 420.91 tenge to 1 US dollar).

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**The new standards, explanations and amendments to the existing standards and explanations for the first time applied by the Company**

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

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Company.

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

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

The amendments include the following practical expedients:

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

These amendments had no impact on the interim condensed consolidated financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited) (continued)**4. PROPERTY, PLANT AND EQUIPMENT**

The movement in property, plant and equipment was as follows:

| <i>In thousands of tenge</i> | Land | Buildings and constructions | Gas transportation system | Equipment | Vehicles | Other | Construction in progress | Total |
|---|----------------|-----------------------------|---------------------------|--------------------|---------------|------------------|--------------------------|--------------------|
| Cost | | | | | | | | |
| At December 31, 2020 (audited) | 331,221 | 94,229,344 | 384,772,034 | 372,208,810 | 45,587 | 6,796,292 | 24,519,028 | 882,902,316 |
| Additions | - | 1,046,932 | 2,866,575 | 6,747,202 | - | 22,446 | 23,945,483 | 34,628,638 |
| Change in estimate (Note 12) | - | - | 1,654,780 | - | - | - | - | 1,654,780 |
| Transfers | - | 636,588 | 1,372,557 | 1,614,350 | - | 19,578 | (3,643,073) | - |
| Transfer from inventories | - | - | 1,617,419 | - | - | - | 406,290 | 2,023,709 |
| Transfer to assets held for sale (Note 5) | - | (7,637,266) | - | (36,272,948) | - | (133,629) | - | (44,043,843) |
| Disposals | - | - | (143,607) | (183,931) | (17,016) | (17,806) | - | (362,360) |
| Transfer to intangible assets | - | - | - | - | - | - | (1,553) | (1,553) |
| At June 30, 2021 (unaudited) | 331,221 | 88,275,598 | 392,139,758 | 344,113,483 | 28,571 | 6,686,881 | 45,226,175 | 876,801,687 |
| Accumulated depreciation | | | | | | | | |
| At December 31, 2020 (audited) | - | 16,217,310 | 68,206,550 | 90,877,249 | 31,739 | 4,416,865 | 148,109 | 179,897,822 |
| Charge for the period | - | 1,352,824 | 3,861,508 | 7,183,839 | 1,020 | 182,562 | - | 12,581,753 |
| Transfers | - | (882) | - | 879 | - | 3 | - | - |
| Transfer to assets held for sale (Note 5) | - | (443,323) | - | (3,192,795) | - | (30,132) | - | (3,666,250) |
| Disposals | - | - | (17,039) | (74,770) | (13,902) | (17,510) | - | (123,221) |
| At June 30, 2021 (unaudited) | - | 17,125,929 | 72,051,019 | 94,794,402 | 18,857 | 4,551,788 | 148,109 | 188,690,104 |
| Net book value | | | | | | | | |
| At December 31, 2020 (audited) | 331,221 | 78,012,034 | 316,565,484 | 281,331,561 | 13,848 | 2,379,427 | 24,370,919 | 703,004,494 |
| At June 30, 2021 (unaudited) | 331,221 | 71,149,669 | 320,088,739 | 249,319,081 | 9,714 | 2,135,093 | 45,078,066 | 688,111,583 |

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

4. PROPERTY, PLANT AND EQUIPMENT (continued)**Additions**

As of June 30, 2021, construction in progress includes pipes and other equipment intended for the construction and overhaul of pipelines in the amount of 24,351,773 thousand tenge. During the six months ended June 30, 2021, proceeds from construction in progress mainly represent the construction of a gas metering station and a rotational camp at 314 km of the "Gazli-Shymkent" gas pipeline in the amount of 6,816,069 thousand tenge; major repairs at section 905-1,443 km of 1 line of the "Bukhara-Ural" main gas pipeline based on the results of in-line diagnostics with the development of design and estimate documentation for the amount of 6,344,239 thousand tenge; construction of a gas metering station and shift camp at 372 km of the "BGR-TBA" main gas pipeline for the amount of 5,861,234 thousand tenge; hot work, in-line diagnostics, replacement of defective pipes, emergency recovery work, disconnection/connection of gas pipelines, expert and diagnostic support in the amount of 2,593,503 thousand tenge; overhaul of main gas pipeline "BGR-TBA" in the section 1,115-1,324 km 1.2 lines with an output of 55 kg/cm² in the amount of 2,310,694 thousand tenge; overhaul of the gas pumping unit, equipment of the compressor station, booster compressor station in the amount of 186,492 thousand tenge; overhaul of anode earthing switches, installation of cathodic protection, cathodic protection means in the amount of 170,913 thousand tenge; overhaul of wells, Christmas tree of underground gas storage facilities in the amount of 30,875 thousand tenge and other capital construction and improvement in the amount of 37,754 thousand tenge.

In accordance with the agreement concluded on March 19, 2021 between the Company and "KazTransGas Aimak" JSC, the "Uzen-Aktau" main gas pipeline was purchased for the amount of 11,888,611 thousand tenge with VAT.

Internal movements

For the six months ended June 30, 2021, facilities were put into operation in the total amount of 3,644,626 thousand tenge. A significant part of this amount is the work on the construction of the gas distribution station "Merke" and the gas pipeline branch in the amount of 1,603,110 thousand tenge; overhaul of sections 1,115-1,324 km 1 line and 1,115-1,207 line 2 of main gas pipeline "BGR-TBA" with replacement of defective pipes based on the results of high-temperature inspection in the amount of 1,052,155 thousand tenge; installation / assembly / dismantling of compressor equipment of the 10GKNA type, st. No. 1-10 of the booster compressor station of the "Poltoratskoye" underground gas storage facility in the amount of 446,331 thousand tenge; development of design and estimate documentation, working projects and construction of block-boxes at the gas distribution station "Shymkent" branch in the amount of 275,151 thousand tenge; overhaul to replace the heat exchangers of the water air coolers of the booster compressor station "Poltoratskoye" underground gas storage in the amount of 86,173 thousand tenge; development and examination of design and estimate documentation for the construction of a bulkhead, construction between the "SATs-5" gas pipeline and the gas pipeline branch at the "Kulsary" hydraulic fracturing unit on the 598 km section in the amount of 70,404 thousand tenge; industrial safety expertise in the amount of 49,090 thousand tenge; overhaul of the administrative building of the Akbulak healthcare facility in the amount of 43,292 thousand tenge; replacement of a defective outlet of the inlet manifold 90° Du-700mm TKTs "B" KS-14 "Krasnooktyabrsky" line production management in the amount of 5,629 thousand tenge; installation of an automatic fire alarm in the buildings of the "Zhanaozen" line production management with the development of design and estimate documentation (fuel and lubricants warehouse) in the amount of 4,326 thousand tenge; overhaul of "Okarem-Beineu" main gas pipeline on the section 820-999.8 km with development of design and estimate documentation for the amount of 1,185 thousand tenge and other construction and improvement for the amount of 7,780 thousand tenge.

Transfer to assets held for sale

During the six months ended June 30, 2021, the Company classified the "Aral" gas compressor station, including all related fixed assets as assets held for sale (*Note 5*).

Other

As at June 30, 2021, the historical cost of fully depreciated property, plant and equipment in operation was 13,181,052 thousand tenge (December 31, 2020: 13,222,254 thousand tenge).

As at June 30, 2021, the Company has capital commitments of approximately 92,903,160 thousand tenge (December 31, 2020: 79,609,558 thousand tenge) associated with the acquisition and construction of property, plant and equipment. These capital commitments are partly related to the investment program, which is described in *Note 1*.

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

5. ASSETS HELD FOR SALE

During 2020, the Company classified the “Korkyt-ata” compressor station, including all property, plant and equipment located therein as assets held for sale. On March 30, 2021, the Company completed the sale of the “Korkyt-ata” compressor station. As a result of the sale, the Company recognized gain from disposal of assets in the amount of 645,225 thousand tenge.

As of June 30, 2021, the Company has non-current assets held for sale on the statement of financial position. The Company classified the “Aral” compressor station, including all property, plant and equipment located therein as assets held for sale. The carrying amount of the disposed assets at the date of disposal was 40,377,593 thousand tenge (*Note 4*).

6. ADVANCES PAID

| <i>In thousands of tenge</i> | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
|--|---------------------------------|-----------------------------------|
| Advances paid to suppliers for non-current assets | | |
| Advances paid to third parties for capital repair, construction works and supply of fixed assets | 8,840,074 | 9,189,769 |
| | 8,840,074 | 9,189,769 |
| Advances to suppliers for current assets and services | | |
| Advances paid to third parties for supply of materials and rendering current repair services | 195,852 | 173,773 |
| Advances paid to related parties (<i>Note 20</i>) | 4,482 | 6,290 |
| | 200,334 | 180,063 |

As of June 30, 2021, advances given to third-party organizations for major repairs and construction, mainly included advances in the amount of 4,439,055 thousand tenge issued by “Aktobespetsstroyontazh” LLP for major repairs of the “BGR-TBA” main gas pipeline at section 1,115-1,324 km 1.2 lines (as of December 31, 2020: zero tenge), advances in the amount of 1,977,465 thousand tenge issued by “Remstroy-XXI” LLP for the overhaul of the “BGR-TBA” gas pipeline (as of December 31, 2020: 1,134,356 thousand tenge), advances in the amount of 1,621,832 thousand tenge issued by “Electro-KhSBM” LLP for overhaul on the section 905-1,445 km of 1-line MG (as of December 31, 2020: 6,351,599 thousand tenge), advances in the amount of 800,214 thousand tenge issued to “AlatauGorProekt” LLP for the development of design and estimate documentation for the reconstruction of the gas transmission system of the Mangistau region (as of December 31, 2020: zero tenge).

7. TRADE AND OTHER RECEIVABLES

| <i>In thousands of tenge</i> | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
|---|---------------------------------|-----------------------------------|
| Related parties (<i>Note 20</i>) | 28,917,200 | 37,325,266 |
| Customers – non-residents for gas transit | 13,938,272 | 3,456,855 |
| Customers – residents | 1,971,528 | 1,357,747 |
| Other | 985,880 | 474,339 |
| | 45,812,880 | 42,614,207 |
| Allowance for expected credit losses | (381,888) | (375,800) |
| | 45,430,992 | 42,238,407 |

As at June 30, 2021, receivables from related parties are mainly represented by receivables from “KazTransGas” JSC in the amount of 18,548,803 thousand tenge for transportation and storage of gas (as at December 31, 2020: 30,924,569 thousand tenge); “Beineu – Shymkent Gas Pipeline” LLP in the amount of 4,932,254 thousand tenge for the maintenance of gas pipelines and 1,830,955 thousand tenge for the sale of the “Karaozek” compressor station (as of December 31, 2020: 2,156,461 thousand tenge and 1,830,955 thousand tenge); “KazRosGas” LLP in the amount of 1,123,513 thousand tenge for transportation of gas for export (as at December 31, 2020: 5,011 thousand tenge); “Asia Gas Pipeline” LLP in the amount of 807,469 thousand tenge for maintenance of gas pipelines (December 31, 2020: 1,159,864 thousand tenge); “KazTransGas Aimak” JSC in the amount of 1,555,578 thousand tenge for the maintenance of gas pipelines (as at December 31, 2020: 1,136,937 thousand tenge).

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

7. TRADE AND OTHER RECEIVABLES (continued)

As at June 30, 2021, trade receivables from gas transit non-resident customers included the amount of 10,879,743 thousand tenge due from Gazprom PJSC (as at December 31, 2020: 972,555 thousand tenge), amount of 3,058,529 thousand tenge due from UzTransGas JSC (as at December 31, 2020: 2,484,300 thousand tenge), and were denominated in US Dollars.

There were no significant movements in the allowance for expected credit losses of trade and other receivables during the six months ended June 30, 2021. Measurement of expected credit losses was carried out individually in each case, taking into account the situation of a specific legal entity or individual in the aggregate.

As of June 30, 2021, the Company has trade receivables from the parent company KTG.

Based on the history of payments and the results of a detailed analysis of the financial position of KTG and the market in which it operates, management determined that KTG has sufficient capabilities to fulfil its contractual obligations. Accordingly, no ECL charge was made in the financial statements for expected credit losses in respect of trade receivables from KTG.

8. PREPAID TAXES OTHER THAN INCOME TAX

| <i>In thousands of tenge</i> | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
|------------------------------|---------------------------------|-----------------------------------|
| Other | 133,640 | 123,974 |
| | 133,640 | 123,974 |
| Current portion | 133,640 | 123,974 |

During the six months ended June 30, 2021, the Company received a VAT refund from the state budget in the amount of 6,657,653 thousand tenge, of which 3,000,000 thousand tenge in cash and 3,657,653 thousand tenge against VAT for the fourth quarter 2020 in connection with the realization of the compressor station in December 2020. As of June 30, 2021, the VAT recoverable provision has not been created.

In connection with the realization of the compressor station in March 2021 and the formation of VAT payable, the overpayment for CIT was offset against the payment of VAT in the amount of 7,200,000 thousand tenge.

9. CASH AND CASH EQUIVALENTS

| <i>In thousands of tenge</i> | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
|---|---------------------------------|-----------------------------------|
| US dollar bank accounts | 23,855,179 | 21,179,097 |
| Tenge deposits with maturity less than three months | 13,079,570 | 36,412,753 |
| Tenge bank accounts | 11,499,342 | 6,178 |
| Russian rouble bank accounts | - | 2,514 |
| | 48,434,091 | 57,600,542 |

As at June 30, 2021 the weighted average interest rate on current bank accounts was 0% in US dollars and 0% in tenge, respectively (December 31, 2020: 0% in US dollars and 0.08% in tenge, respectively).

As at June 30, 2021 deposits with maturity less than three months included deposits with Halyk Bank Kazakhstan JSC denominated in tenge of 13,079,570 thousand tenge (December 31, 2020: deposits denominated in tenge of 36,412,753 thousand tenge). Deposits with maturity less than three months earn interest at the rate of 7.7% per annum (December 31, 2020: 7.49% per annum).

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

10. EQUITY

Share capital

| | Number of shares | | In thousands of Tenge | |
|-----------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | June 30, 2021 (unaudited) | December 31, 2020 (audited) | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
| Common voting shares | 246,886,387 | 246,886,387 | 185,546,933 | 185,546,933 |
| Preferred non-voting shares | 41,522,720 | 41,522,720 | 207,438,287 | 207,438,287 |
| | 288,409,107 | 288,409,107 | 392,985,220 | 392,985,220 |

Dividends

On March 10, 2021, based on the results of operations for the year ended December 31, 2020, the Company accrued dividends on ordinary shares in the amount of 83,526,405 thousand tenge (2020: 85,370,844 thousand tenge) and dividends on preferred shares in the amount of 8,158,766 thousand tenge (2020: 3,114 thousand tenge) as decided by the Board of Directors of the Shareholder.

Book value per share

| | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
|--|---------------------------------|-----------------------------------|
| <i>In thousands of tenge</i> | | |
| Total assets | 867,518,139 | 921,637,525 |
| Less: intangible assets | (4,008,969) | (4,351,733) |
| Less: total liabilities | (254,194,918) | (247,939,105) |
| Less: preferred shares | (207,438,287) | (207,438,287) |
| Net assets for common shares | 401,875,965 | 461,908,400 |
| Number of common shares as at reporting date | 246,886,387 | 246,886,387 |
| Book value per common share, thousands of tenge | 1.63 | 1.87 |

Earnings per share

Basic and diluted earnings per share are calculated by dividing net income for the six-month attributable to common shareholders by the number of shares outstanding during the half year.

The following reflects the income and share data used in the basic earnings per share computations for the six months ended June 30:

| | For the six months ended June 30, | |
|---|-----------------------------------|---------------------|
| | 2021 (unaudited) | 2020 (unaudited) |
| <i>In thousands of tenge</i> | | |
| Net income attributable to Shareholder for basic and diluted earnings per share | 31,309,972 | 32,219,489 |
| Adjustment on preferred shares | (4,507,747) | (4,638,691) |
| Net income attributable to Shareholder for basic and diluted earnings per common share | 26,802,225 | 27,580,798 |
| Average number of common shares for basic and diluted earnings per share | 246,886,387 | 246,886,387 |
| Basic and diluted earnings per share for the period, thousands of tenge | 0.11 | 0.11 |

No earnings per share dilutive instruments were issued as at and for the six months ended June 30, 2021 and 2020.

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

11. BANK LOANS

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

| <i>In thousands of tenge</i> | Date of issue | Maturity | Interest rate | June 30, 2020 (unaudited) | December 31, 2019 (audited) |
|---|---|-------------------|---------------------------------------|----------------------------------|------------------------------------|
| European Bank for Reconstruction and Development | July 26, 2016 | September 5, 2023 | 3m CPI + margin (2.15%) + 50 bp cost | 30,735,542 | 34,091,427 |
| European Bank for Reconstruction and Development | June 18, 2018, September 18, 2019 and February 13, 2020 | June 5, 2026 | 6m CPI + margin (2.15%) + 100 bp cost | 11,417,270 | 12,225,504 |
| | | | | 42,152,812 | 46,316,931 |
| Less: amount due for settlement within 12 months | | | | (8,786,176) | (8,766,795) |
| Amounts due for settlement after 12 months | | | | 33,366,636 | 37,550,136 |

European Bank for Reconstruction and Development

In accordance with the loan agreement dated May 26, 2016, on July 26, 2016 the Company received a loan from the European Bank for Reconstruction and Development (hereinafter referred to “EBRD”) of 140,000,000 US dollars (equivalent to 48,143,200 thousand tenge) for the purpose of restructuring existing obligations. In May 2017, the Company received second tranche of 80,000,000 US dollars (equivalent to 25,254,400 thousand tenge) under the loan agreement. Under the terms of the loan agreement, all payments related to the loan are made in US dollars. On October 23, 2017, according to the letter received from the European Bank for Reconstruction and Development, the principal on the loan was converted from 203,077 thousand US dollars to 68,213,539 thousand tenge. The exchange rate used for conversion was 335.9 tenge per 1 US dollar. Interest rate was changed from 3m LIBOR plus 2.15% per annum to 3m CPI plus 2.15% per annum and 50 basis points cost and is to be paid quarterly.

The Company is repaying this loan in 26 (twenty-six) consecutive equal quarterly instalments starting June 5, 2017. During the six-month ended 30 June 2020, the Company repaid the principal debt under the loan agreement in the amount of 3,079,084 thousand tenge.

On June 18, 2018, in accordance with the loan agreement dated May 26, 2016, the Company received another loan from EBRD of 4,621,477 thousand tenge for the modernization of the Bozoi UGS facility, which will be repaid by 32 (thirty two) equal quarterly instalments starting from September 2018.

On September 18, 2019, in accordance with the loan agreement dated May 26, 2016, the Company received the second tranche of a loan from the EBRD of 7,255,785 thousand tenge for the modernization of the Bozoi UGS facility, which will be repaid by 27 (twenty seven) equal quarterly payments starting from December 2019.

On February 13, 2020, in accordance with the loan agreement dated May 26, 2016, the Company received the third tranche of a loan from the EBRD of 4,314,938 thousand tenge for the modernization of the Bozoi UGS facility, which will be repaid in 26 (twenty six) equal quarterly instalments starting from March 2020.

During 2020, the Company has entered into an Agreement on amendments to the main loan agreement with EBRD. Per amendments, the margin rate of the interest rate was changed from 3.15% to 2.15% per annum.

During the six months ended 30 June 2021, the Company repaid principal in the amount of 1,158,226 thousand tenge and accrued interest on two loans in the amount of 2,258,951 thousand tenge. As of June 30, 2021, the interest payable on the loan is 311,557 thousand tenge (as of December 31, 2020: 292,176 thousand tenge).

Capitalization of borrowing costs

During the six months ended June 30, 2021, the Company capitalized interest expense on loans received from the EBRD in the amount of 67,596 thousand tenge to property, plant and equipment (six months ended June 30, 2020: 1,941,492 thousand tenge).

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

11. BANK LOANS (continued)

Covenants

According to the terms of bank loans, in which the Company is a borrower or guarantor, the Company must ensure that certain financial ratios are met, such as (a) the ratio of Net Financial Debt to Net Capitalization of the Company, no more than 0.5; and (b) the ratio of Net Financial Debt to EBITDA, not more than 4.0. The Company reports on financial ratios on a semi-annual basis. Failure to comply with financial ratios gives lenders the right to demand early repayment of loans. As of June 30, 2021, the Company complies with all financial ratios.

12. GAS PIPELINE ABANDONMENT AND SITE RESTORATION PROVISION

The movement of the gas pipeline abandonment and site restoration provision for the period ended June 30, 2021 is presented as follows:

| <i>In thousands of tenge</i> | June 30, 2021 (unaudited) |
|---------------------------------|---------------------------------|
| At January 1 | 75,816,180 |
| Accrual (Note 4) | 1,654,780 |
| Unwinding of discount (Note 18) | 2,667,447 |
| At June 30 | 80,138,407 |

As at 30 June 2021, the long-term inflation rate and discount rate used to determine the provision were 5.52% and 7.15%, respectively (31 December 2020: 5.52% and 7.15%, respectively).

When installing main gas pipelines, the Company fully created a provision for future costs of decommissioning these pipelines. The provision for pipeline abandonment and site restoration in the amount of 80,138,407 thousand tenge represents the present value of pipeline abandonment and site restoration costs related to property, plant and equipment, which are expected to be incurred in the period from 2031 to 2084.

13. TRADE AND OTHER PAYABLES

| <i>In thousands of tenge</i> | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
|--|---------------------------------|-----------------------------------|
| Payables for purchased gas | | |
| Payables to related parties (Note 20) | 1,941,285 | 1,687,873 |
| | 1,941,285 | 1,687,873 |
| Payables for assets and services received | | |
| Payables to third parties | 6,412,158 | 8,633,952 |
| Payables to related parties (Note 20) | 13,746,659 | 2,058,249 |
| | 20,158,817 | 10,692,201 |
| | 22,100,102 | 12,380,074 |

Payables are non-interest bearing and normally settled on 30 (thirty) day terms.

As at June 30, 2021 and December 31, 2020 the trade payables are denominated in the following currencies:

| <i>In thousands of tenge</i> | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
|-----------------------------------|---------------------------------|-----------------------------------|
| Trade payables in tenge | 21,985,363 | 11,992,514 |
| Trade payables in US dollars | 114,731 | 322,703 |
| Trade payables in Russian roubles | 8 | 50,288 |
| Trade payables in euro | - | 14,569 |
| | 22,100,102 | 12,380,074 |

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
(continued)
14. OTHER CURRENT LIABILITIES

| <i>In thousands of tenge</i> | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
|-------------------------------|---------------------------------|-----------------------------------|
| Provision for annual bonuses | 3,225,364 | 4,596,000 |
| Pension contributions payable | 238,985 | 468,954 |
| Other | 140,121 | 327,181 |
| | 3,604,470 | 5,392,135 |

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

| <i>In thousands of tenge</i> | For the six months ended June 30, | |
|---|-----------------------------------|---------------------|
| | 2021 (unaudited) | 2020 (unaudited) |
| Transportation services | | |
| Transportation of gas within Kazakhstan | 37,588,514 | 16,447,868 |
| Transportation of gas for export | 31,606,266 | 41,633,831 |
| Transportation of Central Asian gas (transit) | 30,337,849 | 13,968,807 |
| Transportation of Russian gas (transit) | 6,819,944 | 8,378,996 |
| | 106,352,573 | 80,429,502 |
| Storage and maintenance services | | |
| Revenue from technical maintenance of gas pipelines | 12,045,362 | 13,751,545 |
| Revenue from storage of gas | 1,146,293 | 1,865,483 |
| | 119,544,228 | 96,046,530 |

Transportation of gas for export

For the six months ended June 30, 2021, the volume of gas transported for export was 5,172 million cubic meters (for the six months ended June 30, 2020: 7,601 million cubic meters). The decrease in volumes is associated with the redistribution of volumes of transported gas from the Karachaganak field to the domestic market, as well as with a decrease in the volumes of gas transported by “KazTransGas” JSC in China for PetroChina.

Transportation of Central Asian and Russian gas (transit)

For the six months ended June 30, 2021, 31.09% of the total sales revenue was attributable to the PJSC “Gazprom” and “Uztransgaz” Groups of companies (six months ended June 30, 2020: 23.26%). The Company recognizes revenues from transportation services for Central Asian and Russian gas over time.

Revenue from technical maintenance of gas pipelines

For the six months ended June 30, 2021, the Company recognized revenue from maintenance of gas pipelines on an accrual basis from “Beineu-Shymkent Gas Pipeline” LLP for services to support the operation of the “Beineu-Bozoy-Shymkent” gas pipeline using the “Turkestan”, “Korkyt-ata” and “Aral” compressor stations for a total amount of 4,726,119 thousand tenge (for the six months ended June 30, 2020: 7,397,527 thousand tenge).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
(continued)
16. COST OF SALES

| <i>In thousands of tenge</i> | For the six months ended June 30, | |
|---|-----------------------------------|---------------------|
| | 2021 (unaudited) | 2020 (unaudited) |
| Depreciation and amortization | 28,872,766 | 13,307,704 |
| Salaries and social contributions | 18,056,388 | 17,304,569 |
| Transportation expenses | 7,467,088 | 6,927,227 |
| Fuel gas and gas losses | 5,222,923 | 4,359,010 |
| Taxes other than income tax | 3,119,253 | 2,972,585 |
| Security expenses | 1,466,384 | 1,448,487 |
| Repair and maintenance | 1,074,745 | 1,117,268 |
| Third party services | 891,411 | 612,941 |
| Electricity | 843,171 | 615,851 |
| Communication services | 508,155 | 499,187 |
| Diagnostical expenses | 425,949 | 115,031 |
| Business trip expenses | 388,271 | 301,377 |
| Insurance | 382,044 | 299,637 |
| Materials and supplies | 339,966 | 236,847 |
| Air service expenses | 192,272 | 4,238 |
| Accrual/(reversal) of unused vacation reserves | 144,137 | (272,046) |
| Expenses relating to short-term leases and leases of low-value assets | 45,423 | 1,989,481 |
| Other | 317,676 | 308,015 |
| | 69,758,022 | 52,147,409 |

17. GENERAL AND ADMINISTRATIVE EXPENSES

| <i>In thousands of tenge</i> | For the six months ended June 30, | |
|---|-----------------------------------|---------------------|
| | 2021 (unaudited) | 2020 (unaudited) |
| Salaries and social contributions | 2,548,973 | 2,495,156 |
| Depreciation and amortization | 705,302 | 698,938 |
| Medical insurance | 307,529 | 297,550 |
| Repair and maintenance | 179,681 | 112,046 |
| Expenses relating to short-term leases and leases of low-value assets | 175,097 | 167,278 |
| Professional services | 149,031 | 126,713 |
| Utilities | 146,660 | 173,955 |
| Third party services | 93,435 | 75,741 |
| Communication | 54,829 | 54,692 |
| Security expenses | 33,726 | 39,190 |
| Taxes other than income tax | 29,219 | 30,213 |
| Stationery and printing expenses | 26,942 | 15,373 |
| Business and representative expenses | 21,478 | 22,287 |
| Education of students | 18,730 | 83,558 |
| Fines and penalties | 7,750 | 2,013 |
| Write-off of inventories | - | 17,248 |
| Other | 154,808 | 104,835 |
| | 4,653,190 | 4,516,786 |

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

18. FINANCE COSTS

| <i>In thousands of tenge</i> | For the six months ended June 30, | |
|---|--|--------------------|
| | 2021 | 2020 |
| | (unaudited) | (unaudited) |
| Amortization of discount on gas pipeline abandonment and site restoration provision | 2,667,447 | 2,999,306 |
| Interest expenses on bank loans | 2,258,951 | 967,672 |
| Interest expense on lease liabilities | 1,720,911 | – |
| Amortization of discount on employee benefit obligations | 66,200 | 60,700 |
| Amortization of discount on bank loans | 53,810 | – |
| Other | 117,650 | 31,141 |
| | 6,884,969 | 4,058,819 |

19. INCOME TAX EXPENSES

The Company is subject to corporate income tax at the prevailing statutory rate of 20%.

| <i>In thousands of tenge</i> | For the six months ended June 30, | |
|-------------------------------------|--|--------------------|
| | 2021 | 2020 |
| | (unaudited) | (unaudited) |
| Current income tax expense | 9,151,649 | 2,997,922 |
| Adjustment of prior year income tax | – | 134,252 |
| Deferred income tax expense | 380,418 | 5,530,184 |
| | 9,532,067 | 8,662,358 |

20. TRANSACTIONS WITH RELATED PARTIES

Related parties include key management personnel of the Company, companies, in which a substantial interest is owned, directly or indirectly, by the Company's key management personnel, companies included in KazMunayGas Group, Samruk-Kazyna Group and other entities controlled by the Government.

Terms and conditions of transactions with related parties

Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for gas transportation services which are provided based on the tariffs available to related and third parties. Outstanding balances at the year-end are unsecured.

The major transactions with related parties for the periods ended June 30, 2021 and December 31, 2020 were as follows:

| <i>In thousands of tenge</i> | For the six months ended June 30, | |
|--|--|--------------------|
| | 2021 | 2020 |
| | (unaudited) | (unaudited) |
| Revenue from contracts with customers | | |
| Transportation services | | |
| KazTransGas and companies under its control | 57,443,481 | 40,259,982 |
| Companies under joint control of KazMunayGas | 8,594,431 | 16,212,134 |
| | 66,037,912 | 56,472,116 |
| Storage of gas | | |
| KazTransGas and companies under its control | 1,146,293 | 1,865,483 |
| | 1,146,293 | 1,865,483 |
| Revenue from technical maintenance of gas pipelines | | |
| KazTransGas and companies under its control | 6,015,390 | 5,016,106 |
| KazTransGas and companies under its control | 5,402,079 | 8,206,764 |
| Companies under control of Samruk-Kazyna | 6,737 | 6,451 |
| Companies under joint control of KazMunayGas | 569 | 500 |
| Companies under joint control of Samruk-Kazyna | – | 1,191 |
| | 11,424,775 | 13,231,012 |
| | 78,608,980 | 71,568,611 |

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
(continued)
20. RELATED PARTY TRANSACTIONS (continued)
Terms and conditions of transactions with related parties (continued)

| <i>In thousands of tenge</i> | For the six months ended June 30, | |
|---|-----------------------------------|---------------------|
| | 2021 (unaudited) | 2020 (unaudited) |
| Finance income | | |
| KazTransGas and companies under its control | 640,652 | 779,647 |
| | 640,652 | 779,647 |

Other income from related parties

| | | |
|--|-------------------|---------------|
| Companies under joint control of KazTransGas | 42,888,540 | 2,053 |
| KazTransGas and companies under its control | 19,067 | 18,582 |
| Companies under control of Samruk-Kazyna | 1,595 | 1,332 |
| Companies under joint control of KazMunayGas | - | 1,430 |
| | 42,909,202 | 23,397 |

| <i>In thousands of tenge</i> | For the six months ended June 30, | |
|---|-----------------------------------|---------------------|
| | 2021 (unaudited) | 2020 (unaudited) |
| Purchases of natural gas | | |
| KazTransGas and companies under its control | 5,178,135 | 4,323,340 |
| | 5,178,135 | 4,323,340 |

Other goods and services from related parties

| | | |
|--|------------------|------------------|
| KazTransGas and companies under its control | 6,395,090 | 5,642,629 |
| Companies under joint control of Samruk-Kazyna | 1,059,326 | 2,852,074 |
| Companies under control of KazMunayGas | 171,441 | 11,771 |
| Companies under control of Samruk-Kazyna | 69,791 | 234,273 |
| Companies under joint control of KazMunayGas | 41,073 | 41,073 |
| | 7,736,721 | 8,781,820 |

| <i>In thousands of tenge</i> | For the six months ended June 30, | |
|--|-----------------------------------|---------------------|
| | 2021 (unaudited) | 2020 (unaudited) |
| Finance costs | | |
| Companies under joint control of Samruk-Kazyna | 1,650,577 | - |
| | 1,650,577 | - |

| <i>In thousands of tenge</i> | June 30, | December 31, |
|--|---------------------|-------------------|
| | 2021 (unaudited) | 2020 (audited) |
| Trade and other receivables | | |
| KazTransGas and companies under its control | 20,108,210 | 32,065,200 |
| Companies under joint control of KazTransGas | 7,671,891 | 5,247,280 |
| Companies under joint control of KazMunayGas | 1,133,822 | 10,713 |
| Companies under control of Samruk-Kazyna | 2,515 | 1,529 |
| Companies under joint control of Samruk-Kazyna | 616 | 544 |
| Companies under control of KazMunayGas | 146 | - |
| | 28,917,200 | 37,325,266 |

Advances paid

| | | |
|--|--------------|--------------|
| Companies under control of Samruk-Kazyna | 3,893 | 6,290 |
| Companies under control of KazMunayGas | 589 | - |
| | 4,482 | 6,290 |

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
(continued)
20. RELATED PARTY TRANSACTIONS (continued)
Terms and conditions of transactions with related parties (continued)

| <i>In thousands of tenge</i> | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
|--|---------------------------------|-----------------------------------|
| Trade payables for purchased gas | | |
| KazTransGas and companies under its control | 1,941,285 | 1,687,873 |
| | 1,941,285 | 1,687,873 |
| Trade payables for received assets and services | | |
| KazTransGas and companies under its control | 13,250,267 | 1,144,337 |
| Companies under joint control of Samruk-Kazyna | 392,524 | 317,342 |
| Companies under control of Samruk-Kazyna | 11,133 | 358,372 |
| Companies under control of KazMunayGas | 92,735 | 238,198 |
| | 13,746,659 | 2,058,249 |
| Other current liabilities | | |
| Companies under control of Samruk-Kazyna | 8,217 | 8,213 |
| Companies under joint control of KazMunayGas | 7,667 | 7,667 |
| KazTransGas and companies under its control | 2,721 | 2,280 |
| | 18,605 | 18,160 |
| Financial guarantee obligation | | |
| KazTransGas and companies under its control | 8,059,848 | 8,700,500 |
| | 8,059,848 | 8,700,500 |
| Contract liabilities | | |
| Companies under joint control of Samruk-Kazyna | 852,731 | 1,101,038 |
| | 852,731 | 1,101,038 |
| Other current financial liabilities | | |
| Companies under joint control of Samruk-Kazyna | 3,403 | 3,546 |
| Companies under control of KazMunayGas | 2,713 | - |
| Companies under control of Samruk-Kazyna | 71 | 56 |
| | 6,187 | 3,602 |
| Lease liabilities | | |
| Companies under joint control of Samruk-Kazyna | 32,061,113 | 32,498,293 |
| | 32,061,113 | 32,498,293 |
| Other long-term receivables | | |
| Companies under joint control of KazTransGas | 4,846,991 | 2,445,348 |
| | 4,846,991 | 2,445,348 |

Lease liabilities

On December 25, 2020, the Company modified its existing lease agreement for the Saryarka MG with AstanaGas KMG JSC, previously accounted for as a short-term lease. AstanaGas KMG JSC is an entity under the joint control of Samruk-Kazyna. As a result of the modification, the lease term was extended to December 31, 2021. As of the date of modification, the Company estimated the incremental borrowing rate at 11% per annum. As at December 31, 2020, the present value of the lease liability and right-of-use asset is 32,498,293 thousand tenge. As of June 30, 2021, the carrying amount of the right-of-use asset was 16,249,146 thousand tenge, lease liabilities amounted to 32,061,113 thousand tenge. For the six months ended June 30, 2021, the amortization expense on the right-of-use asset amounted to 16,249,146 thousand tenge and finance lease expenses amounted to 1,650,577 thousand tenge.

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

20. TRANSACTIONS WITH RELATED PARTIES (continuation)

The dividends paid to the Shareholder

Within six months which ended on June 30, 2021 the Company paid dividends of the joint-stock company “Kaztransgaz” for the sum of 91,685,171 thousand tenge (in six months which ended on June 30, 2020: 34,240,775 thousand tenge).

Compensation to key management personnel

Key management personnel are members of the Management Board and Independent Directors of the Company, with a total of 7 people as of June 30, 2021 (June 30, 2020: 7 people). Key management personnel compensation included in administrative expenses in the interim statement of comprehensive income is 56,256 thousand tenge for the six months ended June 30, 2021 (June 30, 2020: 54,185 thousand tenge). The amount of remuneration to key management personnel paid from the reserve created in the year of the previous payment year is 256,241 thousand tenge for the six months ended June 30, 2021 (for the six months ended June 30, 2020: 11,546 thousand tenge).

21. SEGMENT REPORTING

The Company’s business operations are located in the Republic of Kazakhstan and relate primarily to transportation, storage of natural gas and provision of technical maintenance services on gas pipelines. Although the Company operates mainline gas transportation network in different regions within the Republic of Kazakhstan, the Company’s chief operating decision maker reviews the Company’s operations and allocates resources on the level of the Company. Therefore, the Company considers that it only has one reportable segment under IFRS 8. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements prepared in accordance with IFRS.

For the six months ended June 30, 2021, the Company generated 49% of its revenues from KazTransGas JSC, 28.56% from Gazprom Group and 4.55% from Tengizchevroil LLP (for the six months ended June 30, 2020 of the year: 43.86% of KazTransGas JSC, 19.61% of the Gazprom Group and 10.47% of Tengizchevroil LLP).

22. COMMITMENTS AND CONTINGENT LIABILITIES

Environmental matters

The Company is subject to various environmental laws and regulations. Management believes that the Company has met Government requirements concerning environmental matters.

In accordance with the legislation, the Company has legal obligations to dismantle and liquidate fixed assets and restore land plots. In particular, the Company’s obligations include the dismantling of gas pipelines and land reclamation. As at June 30, 2021, the amount of the provision amounted to 80,138,407 thousand tenge (December 31, 2020: 75,816,180 thousand tenge).

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company’s financial instruments, excluding the carrying amount, which is a reasonable approximation of fair value:

| | Carrying amount | | Fair values | |
|------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | June 30, 2021 (unaudited) | December 31, 2020 (audited) | June 30, 2021 (unaudited) | December 31, 2020 (audited) |
| <i>In thousands of tenge</i> | | | | |
| Financial liabilities | | | | |
| Bank loans (Level 2) | 42,152,812 | 46,316,931 | 42,684,653 | 46,902,581 |

Estimates and assumptions

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

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

23. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy**

Fair value of long-term loans received as at June 30, 2021 and December 31, 2020 was assessed using significant observable inputs (Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

24. SUBSEQUENT EVENTS

In accordance with the Loan agreement dated July 12, 2021, on July 13, 2021, the Company received a loan from “Kaztransgas” JSC in the amount of 23,250,000 thousand tenge to finance the investment project “Construction of the main gas pipeline from the “Kashagan” complex gas treatment unit to the “Makat North Caucasus” main gas pipeline with a compressor station”. The loan’s total amount is 79,907,172 thousand tenge with an interest rate of 5% per annum for a period of 11 years.

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