

**JSC “National Company “KazMunayGas”**

Interim condensed consolidated  
financial statements (unaudited)

*For the three and six months ended June 30, 2021*

**CONTENTS**

---

Report on review of interim condensed consolidated financial statements

**Interim condensed consolidated financial statements (unaudited)**

Interim consolidated statement of comprehensive income .....	1-2
Interim consolidated statement of financial position.....	3-4
Interim consolidated statement of cash flows.....	5-6
Interim consolidated statement of changes in equity .....	7-8
Notes to the interim condensed consolidated financial statements (unaudited).....	9-35



Building a better  
working world

«Эрнст энд Янг» ЖШС  
Әл-Фараби д-лы, 77/7  
«Есентай Тауэр» ғимараты  
Алматы қ., 050060  
Қазақстан Республикасы  
Тел.: +7 727 258 59 60  
Факс: +7 727 258 59 61  
www.ey.com

ТОО «Эрнст энд Янг»  
пр. Аль-Фараби, д. 77/7  
здание «Есентай Тауэр»  
г. Алматы, 050060  
Республика Казахстан  
Тел.: +7 727 258 59 60  
Факс: +7 727 258 59 61  
www.ey.com

Ernst & Young LLP  
Al-Farabi ave., 77/7  
Esentai Tower  
Almaty, 050060  
Republic of Kazakhstan  
Tel.: +7 727 258 59 60  
Fax: +7 727 258 59 61  
www.ey.com

## Report on Review of Interim Financial Information

To the Shareholders, Board of Directors and Management of Joint Stock Company "National Company "KazMunayGas"

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC "National Company "KazMunayGas" and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2021, the related interim consolidated statement of comprehensive income for the three-month and six-month periods then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

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

### Conclusion

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

*Ernst & Young LLP*




Kairat Medetbayev  
Auditor

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

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

13 August 2021



Olga Kheday  
Acting General Director  
Ernst and Young LLP

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

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		For the three months ended, June 30		For the six months ended, June 30	
		2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<i>In millions of tenge</i>					
	Note				
<b>Revenue and other income</b>					
Revenue	4	1,688,668	877,981	3,122,119	2,254,095
Share in profit of joint ventures and associates, net	5	263,498	158,964	481,224	224,280
Finance income	12	24,539	26,516	46,087	63,531
Gain on sale of joint venture		2,674	–	2,674	–
Other operating income	23	19,222	3,154	31,146	11,764
<b>Total revenue and other income</b>		<b>1,998,601</b>	<b>1,066,615</b>	<b>3,683,250</b>	<b>2,553,670</b>
<b>Costs and expenses</b>					
Cost of purchased oil, gas, petroleum products and other materials	6	(941,936)	(384,506)	(1,688,978)	(1,125,890)
Production expenses	7	(186,546)	(189,136)	(350,777)	(363,532)
Taxes other than income tax	8	(105,601)	(45,187)	(197,273)	(139,480)
Depreciation, depletion and amortization		(99,291)	(88,461)	(197,394)	(180,219)
Transportation and selling expenses	9	(111,529)	(103,836)	(234,198)	(222,485)
General and administrative expenses	10	(37,135)	(37,121)	(68,744)	(74,818)
Impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale	11	(3,780)	(164,263)	(3,774)	(225,402)
Exploration expenses	11	–	–	(19,800)	–
Impairment of investment in joint venture and associate		–	–	–	(38,000)
Finance costs	12	(69,170)	(68,120)	(137,189)	(135,194)
Loss on disposal of subsidiaries		(1,351)	–	(1,351)	–
Other expenses		(3,729)	(7,420)	(9,484)	(14,735)
Net foreign exchange (loss)/gain		(4,284)	(14,618)	(658)	18,119
<b>Total costs and expenses</b>		<b>(1,564,352)</b>	<b>(1,102,668)</b>	<b>(2,909,620)</b>	<b>(2,501,636)</b>
<b>Profit/(loss) before income tax</b>		<b>434,249</b>	<b>(36,053)</b>	<b>773,630</b>	<b>52,034</b>
Income tax expenses	13	(75,936)	(12,757)	(129,197)	(31,330)
<b>Net profit/(loss) for the period</b>		<b>358,313</b>	<b>(48,810)</b>	<b>644,433</b>	<b>20,704</b>
<b>Net profit/(loss) for the period attributable to:</b>					
Equity holders of the Parent Company		357,156	17,387	643,859	103,654
Non-controlling interest		1,157	(66,197)	574	(82,950)
		<b>358,313</b>	<b>(48,810)</b>	<b>644,433</b>	<b>20,704</b>

*The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**

In millions of tenge	Note	For the three months ended June 30		For the six months ended, June 30	
		2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<b>Other comprehensive income/(loss)</b>					
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</i>					
Hedging effect		655	2,432	(583)	2,432
Exchange differences on translation of foreign operations		35,368	(483,318)	80,777	220,318
Tax effect		(3,101)	42,145	(7,221)	(19,881)
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>		<b>32,922</b>	<b>(438,741)</b>	<b>72,973</b>	<b>202,869</b>
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain/(loss) on defined benefit plans of the joint ventures		84	(1,132)	137	(1,132)
<b>Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</b>		<b>84</b>	<b>(1,132)</b>	<b>137</b>	<b>(1,132)</b>
<b>Net other comprehensive income/(loss) for the period</b>		<b>33,006</b>	<b>(439,873)</b>	<b>73,110</b>	<b>201,737</b>
<b>Total comprehensive income/(loss) for the period, net of tax</b>		<b>391,319</b>	<b>(488,683)</b>	<b>717,543</b>	<b>222,441</b>
<b>Total comprehensive income/(loss) for the period attributable to:</b>					
Equity holders of the Parent Company		389,978	(422,624)	716,797	305,273
Non-controlling interest		1,341	(66,059)	746	(82,832)
		<b>391,319</b>	<b>(488,683)</b>	<b>717,543</b>	<b>222,441</b>
<b>Earnings per share* – Tenge thousands</b>					
Basic and diluted		0.59	(0.08)	1.06	0.03

\* The number of ordinary shares as of June 30, 2021 and December 31, 2020 equaled to 610,119,493.

Deputy Chairman of the Management Board for Economy and Finance

*D.S. Karabayev*

Chief accountant

*A.S. Yesbergenova*

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>In millions of tenge</i>	Note	June 30, 2021 (unaudited)	December 31, 2020 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	4,299,332	4,369,745
Right-of-use assets		67,573	53,661
Exploration and evaluation assets		142,686	158,385
Investment property		21,601	22,826
Intangible assets		166,317	168,481
Long-term bank deposits	15	55,262	56,528
Investments in joint ventures and associates	16	6,905,434	6,471,021
Deferred income tax assets		52,866	58,590
VAT receivable		78,429	94,481
Advances for non-current assets		27,984	23,343
Loans and receivables due from related parties		716,595	684,610
Other non-current financial assets		20,043	11,651
Other non-current non-financial assets		8,671	3,542
		<b>12,562,793</b>	<b>12,176,864</b>
<b>Current assets</b>			
Inventories		246,938	228,065
VAT receivable		62,417	106,695
Income tax prepaid		36,583	70,301
Trade accounts receivable	17	561,344	422,821
Short-term bank deposits	15	252,597	282,472
Loans and receivables due from related parties		27,872	27,795
Other current financial assets	17	117,619	57,071
Other current non-financial assets	17	99,078	88,821
Cash and cash equivalents	18	1,444,944	1,145,864
		<b>2,849,392</b>	<b>2,429,905</b>
Assets classified as hold for sale	14	49,408	46,518
		<b>2,898,800</b>	<b>2,476,423</b>
<b>Total assets</b>		<b>15,461,593</b>	<b>14,653,287</b>

*The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.*



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

<i>In millions of tenge</i>	<b>Note</b>	<b>June 30, 2021 (unaudited)</b>	<b>December 31, 2020 (audited)</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		916,541	916,541
Additional paid-in capital		8,981	8,981
Other equity		(525)	58
Currency translation reserve		2,219,418	2,146,035
Retained earnings		6,227,728	5,636,705
<b>Attributable to equity holders of the Parent Company</b>		<b>9,372,143</b>	<b>8,708,320</b>
Non-controlling interest		(72,116)	(71,641)
<b>Total equity</b>		<b>9,300,027</b>	<b>8,636,679</b>
<b>Non-current liabilities</b>			
Borrowings	19	3,652,415	3,716,892
Provisions		307,176	303,154
Deferred income tax liabilities		591,446	555,894
Lease liabilities		44,591	45,499
Other non-current financial liabilities	20	25,919	32,963
Other non-current non-financial liabilities	20	54,084	28,831
		<b>4,675,631</b>	<b>4,683,233</b>
<b>Current liabilities</b>			
Borrowings	19	467,769	361,556
Provisions		58,960	63,235
Income tax payable		29,315	8,967
Trade accounts payable	20	525,939	536,922
Other taxes payable		136,450	130,263
Lease liabilities		46,253	16,971
Other current financial liabilities	20	88,172	86,440
Other current non-financial liabilities	20	128,747	129,021
		<b>1,481,605</b>	<b>1,333,375</b>
Liabilities related to assets classified as held for sale		4,330	-
<b>Total liabilities</b>		<b>6,161,566</b>	<b>6,016,608</b>
<b>Total equity and liabilities</b>		<b>15,461,593</b>	<b>14,653,287</b>
<b>Book value per ordinary share – Tenge thousands</b>		<b>14.970</b>	<b>13.880</b>

Deputy Chairman of the Management Board for Economy and Finance

D.S. Karabayev

Chief accountant

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.



**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>In millions of tenge</i>	Note	For the six months ended June 30,	
		2021 (unaudited)	2020 (unaudited)
<b>Cash flows from operating activities</b>			
Profit before income tax		773,630	52,034
<b>Adjustments:</b>			
Depreciation, depletion and amortization		197,394	180,219
Impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale	11	3,774	225,402
Exploration expenses	11	19,800	–
Impairment of investments in joint venture and associate		–	38,000
Realized loss/(gain) from derivatives on petroleum products		7,879	(21,295)
Finance income	12	(46,087)	(63,531)
Finance costs	12	137,189	135,194
Loss on disposal of subsidiaries		1,351	–
Gain on sale of joint venture		(2,674)	–
Share in profit of joint ventures and associates, net	5	(481,224)	(224,280)
Movements in provisions		(6,270)	4,775
Net foreign exchange differences		1,987	(5,012)
Allowance for / (reversal of) obsolete inventories		3,377	(2,365)
(Gain)/loss on disposal of property, plant and equipment, intangible assets, investment property and assets held for sale, net		(5,222)	1,595
Other adjustments		6,039	11,489
<b>Operating profit before working capital changes</b>		<b>610,943</b>	<b>332,225</b>
Change in VAT receivable		60,957	17,548
Change in inventory		(29,602)	96,315
Change in trade accounts receivable and other assets		(135,047)	177,023
Change in trade and other payables and contract liabilities		(29,396)	(301,725)
Change in other taxes payable		(5,080)	(25,034)
<b>Cash generated from operations</b>		<b>472,775</b>	<b>296,352</b>

*The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.*

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

<i>In millions of tenge</i>	<b>Note</b>	<b>For the six months ended June 30,</b>	
		<b>2021</b>	<b>2020</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Dividends received from joint ventures and associates	16	121,620	16,140
Income taxes paid		(31,202)	(46,108)
Interest received		18,837	51,594
Interest paid		(138,286)	(120,192)
<b>Net cash flow from operating activities</b>		<b>443,744</b>	<b>197,786</b>
<b>Cash flows from investing activities</b>			
Withdrawal of bank deposits, net		37,768	16,989
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		(153,077)	(226,925)
Proceeds from sale of property, plant and equipment, exploration and evaluation assets and assets held for sale		68,759	6,151
Additional contributions to joint ventures without changes in ownership		(1,926)	(5,789)
Proceeds from disposal of subsidiaries, net of cash disposed		728	8,699
Loans given to related parties		(24,268)	(27,036)
Reservation of cash for payment of borrowings	17	(32,799)	-
Repayment of loans due from related parties		12,282	12,314
Proceeds from Note receivable from a shareholder of a joint venture		-	4,844
Other		73	(820)
<b>Net cash flows used in investing activities</b>		<b>(92,460)</b>	<b>(211,573)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	19	165,933	124,850
Repayment of borrowings	19	(167,820)	(181,198)
Dividends paid to Samruk-Kazyna		(45,212)	(73,911)
Dividends paid to non-controlling interests		(5,078)	(4,538)
Distribution to Samruk-Kazyna		(600)	(906)
Share buyback by subsidiary		-	(212)
Payment of principal lease liabilities		(12,142)	(7,253)
<b>Net cash flows used in financing activities</b>		<b>(64,919)</b>	<b>(143,168)</b>
Effects of exchange rate changes on cash and cash equivalents		12,807	48,876
Change in allowance for expected credit losses		(92)	369
<b>Net change in cash and cash equivalents</b>		<b>299,080</b>	<b>(107,710)</b>
Cash and cash equivalents, at the beginning of the period		1,145,864	1,064,452
<b>Cash and cash equivalents, at the end of the period</b>		<b>1,444,944</b>	<b>956,742</b>

Deputy Chairman of the Management Board for Economy and Finance

*D.S. Karabayev*

Chief accountant

*A.S. Yesbergenova*

*The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<i>In millions of tenge</i>	Attributable to equity holder of the Parent Company					Non-controlling interest	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings		
<b>As at December 31, 2019 (audited)</b>	916,541	40,794	83	1,731,747	5,469,236	38,255	8,196,656
Net profit for the period	-	-	-	-	103,654	(82,950)	20,704
Other comprehensive income	-	-	2,432	200,419	(1,232)	118	201,737
<b>Total comprehensive income for the period (unaudited)</b>	-	-	2,432	200,419	102,422	(82,832)	222,441
Pipelines contributed by the Government	-	4,733	-	-	-	-	4,733
Transfer of difference between par and fair value of the loan received from Samruk-Kazyna to the Company due to settlement	-	(10,971)	-	-	10,971	-	-
Transfer of pipelines contributed by the Government due to termination of the trust management agreement	-	(9,629)	-	-	626	-	(9,003)
Dividends	-	-	-	-	(81,738)	(4,850)	(86,588)
Distributions to Samruk-Kazyna	-	-	-	-	(4,096)	-	(4,096)
Transactions with Samruk-Kazyna	-	-	-	-	(6,246)	-	(6,246)
Share buyback by subsidiary	-	-	-	-	(209)	(2)	(211)
<b>As at June 30, 2020 (unaudited)</b>	916,541	24,927	2,515	1,932,166	5,490,966	(49,429)	8,317,686

The accounting policies and explanatory notes on pages 9 through 35 form an integral part of these interim condensed consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

In millions of tenge	Attributable to equity holder of the Parent Company					Non-controlling interest	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings		
As at December 31, 2020 (audited)	916,541	8,981	58	2,146,035	5,636,705	8,708,320	8,636,679
Net profit for the period	-	-	-	-	643,859	643,859	644,433
Other comprehensive income	-	-	(583)	73,383	138	72,938	73,110
Total comprehensive income for the period (unaudited)	-	-	(583)	73,383	643,997	716,797	717,543
Dividends	-	-	-	-	(49,999)	(49,999)	(56,187)
Transactions with Samruk-Kazyna	-	-	-	-	(2,975)	(2,975)	(2,975)
Equity contribution to subsidiary	-	-	-	-	-	-	4,967
As at June 30, 2021 (unaudited)	916,541	8,981	(525)	2,219,418	6,227,728	9,372,143	9,300,027

Deputy Chairman of the Management Board for Economy and Finance

D.S. Karabayev



Chief accountant

A.S. Yesbergenova

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

---

**1. GENERAL**

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

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

As at June 30, 2021, the Company has interest in 61 operating companies (as of December 31, 2020: 61) (jointly the “Group”).

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

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

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

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

These interim condensed consolidated financial statements of the Group were approved for issue by the Deputy Chairman of the Management Board for Economy and Finance and the Chief accountant on August 13, 2021.

**2. BASIS OF PREPARATION**

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

**Foreign currency translation***Functional and presentation currency*

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

*Transactions and balances*

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



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

---

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

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

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

*Translation of foreign operations*

The results and financial position of all of the Group's subsidiaries, joint ventures and associates (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

*Exchange rates*

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

The currency exchange rate of KASE as at June 30, 2021 and December 31, 2020 were 427.89 and 420.91 tenge to 1 United States dollar (“US dollar”), respectively. These rates were used to translate monetary assets and liabilities denominated in US dollar as at June 30, 2021 and December 31, 2020. The weighted average rate for six months ended June 30, 2021 was 424.22 tenge to 1 US dollar (for the six months ended June 30, 2020: 404.71 tenge to 1 US dollar). The currency exchange rate of KASE as at August 13, 2021 was 424.24 tenge to 1 US dollar.

**Considerations in respect of COVID-19 (coronavirus) pandemic and the current economic environment**

The impacts of COVID-19 and the current economic environment on the basis of preparation of these interim condensed consolidated financial statements have been considered. The Group continues to consider it appropriate to adopt the going concern basis of accounting in preparing these interim condensed consolidated financial statements.

The significant accounting judgments and estimates of the Group were disclosed in its consolidated financial statements for the year ended December 31, 2020. As at June 30, 2021, the Group analyzed and determined that all judgments and estimates used and disclosed in the consolidated financial statements for the year ended December 31, 2020 remain applicable. No new significant accounting judgments or estimates have been identified.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****New and amended standards and interpretations**

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

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### New and amended standards and interpretations (continued)

##### *Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

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 Group.

The Group intends to use the practical expedients in future periods if they become applicable.

### 4. REVENUE

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<b>Type of goods and services</b>				
Sales of crude oil and gas	917,990	472,117	1,750,618	1,273,550
Sales of refined products	560,140	234,449	976,152	615,729
Oil and gas transportation services	81,508	65,519	159,473	147,552
Refining of oil and oil products	55,467	41,560	102,459	92,469
Other revenue	73,563	64,336	133,417	124,795
	<b>1,688,668</b>	<b>877,981</b>	<b>3,122,119</b>	<b>2,254,095</b>
<b>Geographical markets</b>				
Kazakhstan	306,455	231,739	609,085	536,033
Other countries	1,382,213	646,242	2,513,034	1,718,062
	<b>1,688,668</b>	<b>877,981</b>	<b>3,122,119</b>	<b>2,254,095</b>

### 5. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Tengizchevroil LLP	109,664	5,563	199,005	69,514
Asian Gas Pipeline LLP	65,007	80,848	120,824	76,566
Caspian Pipeline Consortium	17,316	20,540	39,321	40,664
Beineu-Shymkent Gas Pipeline LLP	16,428	31,906	36,173	24,139
KMG Kashagan B.V.	22,312	(11,308)	30,798	(11,409)
Mangistau Investments B.V.	14,740	(1,359)	26,794	4,755
KazRosGas LLP	7,320	7,909	9,165	1,468
Kazakhstan – China Pipeline LLP	4,231	7,535	6,881	4,222
PetroKazakhstan Inc.	3,725	4,629	5,832	7,347
Valsera Holdings B.V.	636	7,255	4,551	(4,020)
KazGerMunay LLP	3,846	2,949	4,099	8,955
Kazakhoil-Aktobe LLP	1,914	1,657	2,737	1,640
Teniz Service LLP	(2,452)	12	(3,096)	427
Ural Group Limited	(3,473)	(2,486)	(5,220)	(4,952)
Other joint ventures and associates	2,284	3,314	3,360	4,964
	<b>263,498</b>	<b>158,964</b>	<b>481,224</b>	<b>224,280</b>



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

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

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Purchased oil for resale	647,464	245,571	1,216,468	652,189
Cost of oil for refining	162,364	29,689	251,415	152,979
Materials and supplies	64,668	45,408	118,928	94,159
Purchased gas for resale	58,410	58,591	85,334	204,652
Purchased petroleum products for resale	9,030	5,247	16,833	21,911
	941,936	384,506	1,688,978	1,125,890

### 7. PRODUCTION EXPENSES

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Payroll	85,213	85,556	167,965	158,383
Repair and maintenance	31,470	31,189	50,301	50,540
Energy	21,543	19,111	44,367	40,318
Transportation costs	11,336	7,115	22,753	14,865
Short-term lease expenses	6,689	12,505	13,572	28,891
Other	30,295	33,660	51,819	70,535
	186,546	189,136	350,777	363,532

### 8. TAXES OTHER THAN INCOME TAX

<i>In millions of tenge</i>	For the three months ended June 30		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Rent tax on crude oil export	29,074	(123)	55,583	19,474
Export customs duty	28,828	10,284	49,231	41,247
Mineral extraction tax	21,443	14,546	41,802	33,070
Other taxes	26,256	20,480	50,657	45,689
	105,601	45,187	197,273	139,480

### 9. TRANSPORTATION AND SELLING EXPENSES

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Transportation	100,324	94,264	212,701	202,496
Payroll	3,013	2,902	6,017	5,830
Other	8,192	6,670	15,480	14,159
	111,529	103,836	234,198	222,485

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

## 10. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Payroll	16,088	16,513	32,291	34,107
Consulting services	4,472	5,315	8,034	11,012
Accrual of expected credit losses for trade receivables	3,171	1,537	3,857	2,153
Maintenance	1,981	1,807	3,555	3,548
Social payments	1,051	1,890	2,338	2,934
Communication	908	1,016	2,136	1,778
VAT that could not be offset	988	1,075	2,025	2,061
Short-term lease expenses	623	604	1,183	1,127
(Reversal)/accrual of expected credit losses for other current assets	(33)	1,196	77	1,403
(Reversal)/impairment of VAT receivable	(418)	(61)	(2,075)	490
Other	8,304	6,229	15,323	14,205
	37,135	37,121	68,744	74,818

For the six months ended June 30, 2021, the total payroll amounted to 206,273 million tenge (for the six months ended June 30, 2020: 198,320 million tenge) and is included in production expenses, transportation and selling expenses and general and administrative expenses in the interim consolidated statement of comprehensive income.

## 11. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, EXPLORATION AND EVALUATION ASSETS, INTANGIBLE ASSETS, ASSETS CLASSIFIED AS HELD FOR SALE AND EXPLORATION EXPENSES

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<b>Impairment charge and reversal</b>				
Property, plant and equipment (Note 14)	(8)	157,497	(14)	202,248
Assets classified as held for sale	3,788	–	3,788	–
Exploration and evaluation assets	–	1	–	16,389
Intangible assets	–	6,765	–	6,765
	3,780	164,263	3,774	225,402
<b>Exploration expenses</b>				
Brownfields of KMG EP	–	–	19,800	–
	–	–	19,800	–
	3,780	164,263	23,574	225,402

Impairment was recognised for the following cash generating units (CGUs):

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
CGUs of KMG	–	159,009	–	159,009
EMG CGU	–	–	–	60,440
Others	3,780	5,254	3,774	5,953
	3,780	164,263	3,774	225,402

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

### 11. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, EXPLORATION AND EVALUATION ASSETS, INTANGIBLE ASSETS, ASSETS CLASSIFIED AS HELD FOR SALE AND EXPLORATION EXPENSES (continued)

#### CGUs of KMGI

As of June 30, 2020, KMG International N.V. (further KMGI), the Group subsidiary, performed impairment tests of its CGUs.

As a result of the test performed, KMGI recognised impairment loss of property, plant and equipment and intangible assets of 152,244 million tenge and 6,765 million tenge, respectively.

#### EMG CGU

As of June 30, 2020, Embamunaigas (EMG), subsidiary of KazMunayGas Exploration Production JSC (KMG EP), carried out an assessment of the recoverable amount of property, plant and equipment and exploration and evaluation assets due to the presence of impairment indicators such as decline in the forecasted oil prices. The result of this assessment indicated that the carrying value of assets exceeded their estimated recoverable amount by 60,440 million tenge, particularly, 44,098 million tenge of property, plant and equipment and 16,342 million tenge of exploration and evaluation assets were impaired in the interim consolidated statement of comprehensive income for the six months ended June 30, 2020.

For the six months ended June 30, 2021, no impairment indicators of property, plant and equipment, intangible assets and exploration and evaluation assets were observed.

#### Exploration expenses

During the six months ended June 30, 2021, EMG partially reduced the contract area of Taisoigan and wrote off related exploration expenses of 19,800 million tenge.

### 12. FINANCE INCOME / FINANCE COSTS

#### Finance income

<i>In millions of tenge</i>	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Interest income on bank deposits, financial assets, loans and bonds	22,194	22,734	41,595	45,666
Amortization of issued financial guarantees	1,401	1,613	2,787	3,244
<b>Total interest income</b>	<b>23,595</b>	<b>24,347</b>	<b>44,382</b>	<b>48,910</b>
Discount on a loan with non-market interest rate (Note 19)	–	–	–	11,002
Bond redemption gain (Note 19)	–	927	–	927
Other	944	1,242	1,705	2,692
	<b>24,539</b>	<b>26,516</b>	<b>46,087</b>	<b>63,531</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (unaudited) (continued)**
**12. FINANCE INCOME / FINANCE COSTS (continued)**
**Finance costs**

	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<i>In millions of tenge</i>				
Interest expense on loans and bonds	61,805	61,480	120,407	120,004
Interest expense on lease liabilities	1,681	813	3,341	1,678
<b>Total interest expense</b>	<b>63,486</b>	<b>62,293</b>	<b>123,748</b>	<b>121,682</b>
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions	3,524	3,631	6,505	6,690
Unwinding of discount on employee benefits obligations	1,007	929	1,848	1,679
Other	1,153	1,267	5,088	5,143
	<b>69,170</b>	<b>68,120</b>	<b>137,189</b>	<b>135,194</b>

**13. INCOME TAX EXPENSES**

	For the three months ended June 30,		For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<i>In millions of tenge</i>				
<b>Current income tax</b>				
Corporate income tax	51,034	11,213	89,200	33,961
Excess profit tax	38	(241)	38	(208)
Withholding tax on dividends and interest income	5,762	2,533	6,005	5,686
<b>Deferred income tax</b>				
Corporate income tax	2,661	(838)	4,114	(21,156)
Excess profit tax	(9)	(18)	(11)	3,447
Withholding tax on dividends	16,450	108	29,851	9,701
<b>Income tax expenses</b>	<b>75,936</b>	<b>12,757</b>	<b>129,197</b>	<b>31,330</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****14. PROPERTY, PLANT AND EQUIPMENT**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
<b>Net book value as at December 31, 2019 (audited)</b>	1,049,763	803,717	1,381,661	300,655	457,811	97,637	106,286	286,741	4,484,271
Foreign currency translation	29,098	2,243	24,203	3,821	1,920	1,705	3,980	7,054	74,024
Additions	5,004	6,003	490	3,603	2,301	1,679	871	215,153	235,104
Change in estimate	(8,171)	(1,762)	-	4	-	-	-	-	(9,929)
Disposals	(7,021)	(10,019)	(5,543)	(2,344)	(1,962)	(534)	(1,025)	(888)	(29,336)
Depreciation charge	(58,503)	(14,849)	(58,186)	(8,695)	(18,794)	(5,608)	(5,424)	-	(170,059)
Accumulated depreciation and impairment on disposals	5,824	977	5,542	2,563	1,752	413	943	829	18,843
Impairment (Note 11)	(38,612)	(273)	(152,251)	(890)	(488)	(6,185)	(311)	(3,238)	(202,248)
Transfers to assets classified as held for sale	-	-	(3)	(3)	(73)	(4)	-	-	(83)
Transfers from/(to) inventory, net	19	(36)	689	-	110	(19)	72	793	1,628
Transfers to intangible assets	-	-	-	-	-	-	(580)	(1,190)	(1,770)
Transfers to investment property	-	-	-	(15,293)	-	-	-	-	(15,293)
Transfers	41,436	7,772	1,901	15,526	67,475	4,089	3,963	(142,162)	-
<b>Net book value as at June 30, 2020 (unaudited)</b>	1,018,837	793,773	1,198,503	298,947	510,052	93,173	108,775	363,092	4,385,152
At cost	2,110,448	1,033,738	2,469,370	581,869	917,582	234,739	233,233	416,206	7,997,185
Accumulated depreciation and impairment	(1,091,611)	(239,965)	(1,270,867)	(282,922)	(407,530)	(141,566)	(124,458)	(53,114)	(3,612,033)
<b>Net book value as at June 30, 2020 (unaudited)</b>	1,018,837	793,773	1,198,503	298,947	510,052	93,173	108,775	363,092	4,385,152

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

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

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
<b>Net book value as at December 31, 2020 (audited)</b>	1,083,615	808,757	1,171,110	289,702	453,821	84,661	111,947	366,132	4,369,745
Foreign currency translation	8,540	695	4,295	1,095	766	577	1,202	3,570	20,740
Additions	3,942	2,704	2,129	55	27,450	4,274	1,075	118,435	160,064
Change in estimate	(2,729)	(104)	-	(12)	-	-	-	-	(2,845)
Disposals	(15,614)	(6,440)	(35,899)	(586)	(1,481)	(3,893)	(1,647)	(366)	(65,926)
Loss of control over subsidiaries	-	-	-	(426)	(416)	(221)	(184)	(38)	(1,285)
Depreciation charge	(57,354)	(14,887)	(57,398)	(9,292)	(19,063)	(5,371)	(5,613)	-	(168,978)
Accumulated depreciation and impairment on disposals	13,241	6,134	8,062	520	1,331	3,189	1,493	298	34,268
Reversal/(impairment) (Note 11)	10	-	-	-	10	-	1	(7)	14
Transfers to assets classified as held for sale	-	-	(24)	(11,534)	(33,670)	(3,635)	(457)	-	(49,320)
Transfers to intangible assets	-	-	-	-	-	-	-	(785)	(785)
Transfers from inventory, net	44	1,596	23	1	20	3	76	934	2,697
Transfers from investment property	-	-	-	791	-	-	7	-	798
Transfers from exploration and evaluation assets	145	-	-	-	-	-	-	-	145
Transfers	45,615	8,281	7,069	3,346	38,633	378	16,901	(120,223)	-
<b>Net book value as at June 30, 2021 (unaudited)</b>	1,079,455	806,736	1,099,367	273,660	467,401	79,962	124,801	367,950	4,299,332
At cost	2,280,868	1,070,653	2,531,251	585,139	908,028	210,935	262,251	422,620	8,271,755
Accumulated depreciation and impairment	(1,201,413)	(263,917)	(1,431,884)	(311,479)	(440,627)	(130,973)	(137,460)	(54,670)	(3,972,423)
<b>Net book value as at June 30, 2021 (unaudited)</b>	1,079,455	806,736	1,099,367	273,660	467,401	79,962	124,801	367,950	4,299,332

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

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

#### Additions

For the six months ended June 30, 2021 additions were mainly attributable to development drilling at Ozenmunaigas, subsidiary of KMG EP, EMG and KMG Karachaganak LLP for the total of 67,314 million tenge, overhaul of main gas pipelines and construction of gas metering stations and rotational camp at KazTransGas JSC (further KTG) for total amount of 23,432 million tenge within the framework of the projects "Bukhara gas-bearing region Tashkent-Bishkek-Almaty" and construction of water pipeline of "Kulsary-Tengiz" for 24,987 million tenge at KazTransOil JSC, and overhauls at Atyrau refinery LLP (further Atyrau refinery) for 5,747 million tenge.

#### Transfers to assets classified as held for sale

As at June 30, 2021, the Group reclassified to assets held for sale property and equipment of 49,320 million tenge mainly represented by compressor station "Aral" for 40,378 million tenge, self-propelled barges Sunkar and Berkut for 3,755 million tenge and property, plant and equipment of UTTiOS LLP for 5,009 million tenge.

In March 2021, the Group sold compressor station "Korkyt-ata", which was reclassified to assets held for sale in 2020, for the consideration of 42,886 million tenge.

#### Other

For the six months ended June 30, 2021, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs in amount of 68 million tenge related to the construction of those property, plant and equipment at the average interest rate of 0.15% (for the six months ended June 30, 2020: 1,941 million tenge at the average interest rate of 3.71%) (Note 19).

As at June 30, 2021, the cost of fully depreciated but still in use property, plant and equipment was 376,014 million tenge (as at December 31, 2020: 340,511 million tenge).

As at June 30, 2021, property, plant and equipment with the net book value of 860,015 million tenge (as at December 31, 2020: 910,216 million tenge) were pledged as collateral to secure borrowings and payables of the Group.

Capital commitments are disclosed in Note 23.

### 15. BANK DEPOSITS

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Denominated in US dollar	296,546	324,646
Denominated in tenge	11,722	14,863
Less: allowance for expected credit losses	(409)	(509)
	<b>307,859</b>	<b>339,000</b>

As at June 30, 2021, the weighted average interest rate for long-term bank deposits was 1.11% in US dollars and 1.35% in tenge (December 31, 2020: 1.07% in US dollars and 1.58% in tenge).

As at June 30, 2021, the weighted average interest rate for short-term bank deposits was 0.29% in US dollars and 5.92% in tenge (December 31, 2020: 0.40% in US dollars, 3.10% in tenge).

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Maturities under 1 year	252,597	282,472
Maturities between 1 and 2 years	192	796
Maturities over 2 years	55,070	55,732
	<b>307,859</b>	<b>339,000</b>

As at June 30, 2021, bank deposits include those pledged as collateral of 55,262 million tenge (December 31, 2020: 56,528 million tenge), which are represented mainly by 46,270 million tenge at restricted bank accounts designated as a liquidation fund per requirements of the subsoil use contracts (December 31, 2020: 44,497 million tenge).



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

## 16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

In millions of tenge	Main activity	Place of business	June 30, 2021 (unaudited)		December 31, 2020 (audited)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
<b>Joint ventures</b>						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	3,041,035	20.00%	2,793,887	20.00%
KMG Kashagan B.V.	Oil and gas exploration and production	Kazakhstan	2,325,305	50.00%	2,256,816	50.00%
Asian Gas Pipeline LLP	Construction and operation of the gas pipeline		371,825	50.00%	291,086	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	172,244	50.00%	156,771	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	169,399	50.00%	142,585	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	87,182	50.00%	76,702	50.00%
Ural Group Limited	Oil and gas exploration and production	Kazakhstan	42,570	50.00%	44,585	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	30,013	50.00%	32,840	50.00%
KazakhOil-Aktobe LLP	Production of crude oil	Kazakhstan	19,620	50.00%	20,886	50.00%
Teniz Service LLP	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	16,887	48.996%	20,473	48.996%
Valsera Holdings B.V.	Oil refining	Kazakhstan	6,804	50.00%	2,253	50.00%
Other			50,135		43,498	
<b>Associates</b>						
Caspian Pipeline Consortium	Transportation of liquid hydrocarbons	Kazakhstan/Russia	452,113	20.75%	478,134	20.75%
PetroKazakhstan Inc.	Exploration, production and processing of oil and gas	Kazakhstan	84,955	33.00%	78,636	33.00%
Other			35,347		31,869	
			6,905,434		6,471,021	

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

### 16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

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

As of June 30, 2021, the Group's share in unrecognised losses of joint ventures and associates was equal to 1,769 million tenge (as of December 31, 2020: 19,038 million tenge).

The following table summarizes the movements in the investments during the six months ended June 30, 2021 and 2020:

<i>In millions of tenge</i>	2021	2020
<b>On January 1 (audited)</b>	<b>6,471,021</b>	<b>5,590,384</b>
Share in profits of joint ventures and associates, net (Note 5)	481,224	224,280
Dividends received	(121,620)	(16,140)
Change in dividends receivable	(25,611)	(2,113)
Other changes in the equity of the joint venture	2,020	547
Additional contributions without change in ownership	1,926	789
Impairment of investments	-	(38,000)
Foreign currency translation	96,474	279,894
<b>On June 30 (unaudited)</b>	<b>6,905,434</b>	<b>6,039,641</b>

On October 16, 2015, the Group sold 50% of its shares in KMG Kashagan B.V. to Samruk-Kazyna with a right to buy back all or part of the shares (further "Option") effective from January 1, 2018 to December 31, 2020. On December 20, 2017, the exercise period for the Option was changed to January 1, 2020 and December 31, 2022. As of June 30, 2021 and December 31, 2020, the fair value of the Option was close to nil.

The Amsterdam Court imposed certain restrictions on 50% of shares in KMG Kashagan B.V. owned by Samruk-Kazyna (further "Restrictions"). During the Restrictions period, these shares of KMG Kashagan B.V. cannot be sold, transferred or pledged. As of June 30, 2021 and December 31, 2020, the Restrictions remained in force and control over the asset was not transferred to the Group.

### 17. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
<b>Trade accounts receivable</b>		
Trade accounts receivable	596,560	455,321
Less: allowance for expected credit losses	(35,216)	(32,500)
	<b>561,344</b>	<b>422,821</b>
<b>Other current financial assets</b>		
Other receivables	101,481	90,904
Reservation of cash for payment of borrowings	32,799	-
Dividends receivable	20,495	2,913
Less: allowance for expected credit losses	(37,156)	(36,746)
	<b>117,619</b>	<b>57,071</b>
<b>Other current non-financial assets</b>		
Advances paid and prepaid expenses	70,202	45,497
Taxes receivable, other than VAT	24,699	35,003
Other	7,686	11,867
Less: impairment allowance	(3,509)	(3,546)
	<b>99,078</b>	<b>88,821</b>
<b>Total other current assets</b>	<b>216,697</b>	<b>145,892</b>

As at June 30, 2021 and December 31, 2020 the above assets were non-interest bearing.

As at June 30, 2021 trade accounts receivable of 218,647 million tenge are pledged as collateral for obligations of the Group (December 31, 2020: 155,998 million tenge).

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

### 17. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS (continued)

As at June 30, 2021, the Group made reservation of cash in amount of 32,799 million tenge for repayment of loan from The Export-Import Bank of China, including interest accrued. Cash paid in June 2021 will be used to repay the loan, including interest accrued from The Export-Import Bank of China in July 2021 in accordance with the payment schedule.

Trade accounts receivable is denominated in the following currencies as of June 30, 2021 and December 31, 2020:

<i>In millions of tenge</i>	June, 30 2021 (unaudited)	December, 31 2020 (audited)
US dollars	356,435	235,099
Tenge	117,831	123,824
Romanian Leu	74,774	57,637
Euro	9,591	6,059
Other currency	2,713	202
	<b>561,344</b>	<b>422,821</b>

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

<i>In millions of tenge</i>	Days past due					Total
	current	<30 days	30-60 days	61-90 days	>91 days	
<b>June 30, 2021</b>						
Expected credit loss rate	0.23%	3.72%	8.60%	5.88%	82.31%	
Trade accounts receivable	537,573	10,682	4,113	4,088	40,104	596,560
Expected credit loss	(1,215)	(398)	(354)	(240)	(33,009)	(35,216)

<i>In millions of tenge</i>	Days past due					Total
	current	<30 days	30-60 days	61-90 days	>91 days	
<b>December 31, 2020</b>						
Expected credit loss rate	0.18%	2.94%	2.66%	4.34%	81.01%	
Trade accounts receivable	398,752	12,361	2,844	2,845	38,519	455,321
Expected credit loss	(733)	(363)	(76)	(124)	(31,204)	(32,500)

### 18. CASH AND CASH EQUIVALENTS

<i>In millions of tenge</i>	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Term deposits with banks – US dollars	531,191	435,119
Term deposits with banks – tenge	265,910	163,820
Term deposits with banks – other currencies	32,199	54,800
Current accounts with banks – US dollars	366,083	397,774
Current accounts with banks – tenge	93,971	75,369
Current accounts with banks – other currencies	11,809	10,370
Cash in transit	142,556	7,508
Cash-on-hand and cheques	1,351	1,138
Less: allowance for expected credit losses	(126)	(34)
	<b>1,444,944</b>	<b>1,145,864</b>

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

As at June 30, 2021, the weighted average interest rate for term deposits with banks was 0.25% in US dollars, 8.10% in tenge and 0.01% in other currencies, respectively (December 31, 2020: 0.37% in US dollars, 7.74% in tenge and 1.44% in other currencies, respectively).

As at June 30, 2021 and December 31, 2020, cash and cash equivalents were not pledged as collateral for obligations of the Group.

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

### 19. BORROWINGS

	June, 30 2021 (unaudited)	December, 31 2020 (audited)
<i>In millions of tenge</i>		
Fixed interest rate borrowings	3,389,177	3,394,958
Weighted average interest rates	5.58%	5.50%
Floating interest rate borrowings	731,007	683,490
Weighted average interest rates	4.35%	4.38%
	<b>4,120,184</b>	<b>4,078,448</b>

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

	June, 30 2021 (unaudited)	December, 31 2020 (audited)
<i>In millions of tenge</i>		
US dollar	3,657,786	3,669,668
Tenge	352,802	318,034
Russian ruble	88,861	85,223
Euro	9,515	2,319
Other currencies	11,220	3,204
	<b>4,120,184</b>	<b>4,078,448</b>

	June, 30 2021 (unaudited)	December, 31 2020 (audited)
<i>In millions of tenge</i>		
Current portion	467,769	361,556
Non-current portion	3,652,415	3,716,892
	<b>4,120,184</b>	<b>4,078,448</b>

As at June 30, 2021 and as at December 31, 2020, the bonds comprised:

	Issuance amount	Redemption date	Interest	June, 30 2021 (unaudited)	December, 31 2020 (audited)
<i>In millions of tenge</i>					
<b>Bonds</b>					
Bonds LSE 2020	750 million USD	2033	3.50%	322,762	317,474
AIX 2019	56 billion KZT	2024	5.00%	39,380	45,192
Bonds LSE 2018	1.5 billion USD	2048	6.375%	633,041	631,832
Bonds LSE 2018	1.25 billion USD	2030	5.375%	534,967	530,776
Bonds LSE 2018	0.5 billion USD	2025	4.75%	214,641	212,117
Bonds LSE 2017	1.25 billion USD	2047	5.75%	517,639	516,505
Bonds LSE 2017	1 billion USD	2027	4.75%	423,984	419,390
Bonds ISE 2017	750 million USD	2027	4.375%	304,965	299,934
Other	—	—	—	4,633	4,593
<b>Total</b>				<b>2,996,012</b>	<b>2,977,813</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****19. BORROWINGS (continued)**

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

<i>In millions of tenge</i>	<b>Issuance amount</b>	<b>Redemption date</b>	<b>Interest</b>	<b>June, 30 2021 (unaudited)</b>	<b>December, 31 2020 (audited)</b>
<b>Loans</b>					
The Export-Import Bank of China (Eximbank)	1,13 billion USD	2026	6M Libor + 4.10%	266,122	287,387
Development bank of Kazakhstan JSC (DBK)	230 billion KZT	2022-2030	7.00% - 13.67%	161,107	166,377
The Syndicate of banks (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank)	435 million USD <sup>1</sup>	2021-2023	1M Libor + 2.75%, 1M Libor + 2.50%, ON Libor + 2.50%, 1M Robor + 2.00% 1W Libor + 2.50%, 1W Euribor + 2.50%, 1M Euribor + 2.50%, ON Euribor + 2.50%		
VTB Bank Kazakhstan and VTB Bank (PJSC)	15 billion RUB	2023	Key Rate of Central Bank of Russia Federation + 2.15%	146,389	118,228
Halyk bank JSC (Halyk bank)	54 billion KZT	2025	11.00%	88,861	85,223
Japan Bank for International Cooperation	297.5 million USD	2025	2.19% + CIRR	56,228	-
Halyk bank	100 million USD <sup>2</sup>	2023	5.00%	55,017	60,098
DBK	843.6 million USD	2023-2025	10.99%	42,834	42,145
Halyk bank	41 billion KZT	2024	11.00%	40,930	107,318
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	150 million USD	2021	COF (0.15%) + 1.70%	37,049	41,207
European Bank for Reconstruction and Development (EBRD)	68 billion KZT	2026	3M CPI + 50 basis points + 2.15%	36,939	38,215
ING Bank NV	250 million USD	2021	COF (0.20%) + 2.00%	30,736	33,786
Banque de Commerce et de Placements	110 million USD	2022	COF (0.89%) + 1.50%	24,920	35,029
EBRD	36 billion KZT	2026	6M CPI + 100 basis points + 2.15%	22,617	3,651
Cargill	50 million USD	2022	3M LIBOR + 2.60%	22,120	24,278
Credit Agricole	250 million USD	2021	COF (0.26%) + 2.00%	21,490	-
Natixis	250 million USD	2022	COF (0.42%) + 2.00%	17,289	14,862
Sberbank	50 million USD	2021	COF (0.97%) + 1.50%	12,870	11,723
Other	-	-	-	10,329	1,871
<b>Total</b>				<b>30,325</b>	<b>29,237</b>
				<b>1,124,172</b>	<b>1,100,635</b>

<sup>1</sup> 75 million USD with revolving credit facility.<sup>2</sup> Revolving credit facility.

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

---

**19. BORROWINGS (continued)**

During the six months ended June 30, 2021, Atyrau Refinery LLP (Atyrau Refinery) made partial repayment of the loan from Eximbank for 79 million US dollars (equivalent to 33,039 million tenge), including accrued interest.

During the six months ended June 30, 2021, KMG International N.V. received Syndicated loan used to finance its working capital for the total amount of 63 million US dollars (equivalent to 26,960 million tenge) and made partial repayment for 10 million US dollars (equivalent to 4,406 million tenge), including accrued interest.

During the six months ended June 30, 2021, Atyrau Refinery made full repayment of the loans from DBK for 142 million US dollars (equivalent to 59,507 million tenge), including accrued interest.

During the six months ended June 30, 2021, KMG International N.V. received short-term loans to finance working capital from Banque de Commerce et de Placements at the rate of COF (0.89%) + 1.50% for 44 million US dollars (equivalent to 18,744 million tenge).

During the six months ended June 30, 2021, KMG International N.V. received a short-term loans to finance working capital from Cargill at the rate of 3M Libor + 2.60% for 50 million US dollars (equivalent to 20,997 million tenge).

During the six months ended June 30, 2021, Atyrau Refinery received a long-term loan from Halyk bank in the total amount of 53,627 million tenge with 11% interest rate to refinance its existing loans.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****19. BORROWINGS (continued)**

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

In millions of tenge	2021			2020		
	Short-term loans	Long-term loans	Bonds	Total	Short-term loans	Long-term loans
<b>On January 1 (audited)</b>	<b>184,370</b>	<b>916,265</b>	<b>2,977,813</b>	<b>4,078,448</b>	<b>70,843</b>	<b>974,937</b>
Received in cash	110,159	55,774	-	165,933	72,749	52,101
Repayment of principal in cash	(46,300)	(115,233)	(6,287)	(167,820)	(28,914)	(128,796)
Interest accrued	4,654	32,743	80,879	118,276	3,089	35,185
Interest paid	(4,532)	(27,141)	(106,340)	(138,013)	(3,149)	(34,351)
Interest capitalized (Note 14)	-	68	-	68	-	1,941
Discount (Note 12)	-	-	-	-	-	(11,002)
Bond redemption gain	-	-	-	-	-	-
(Note 12)	-	-	-	-	-	(927)
Foreign currency translation	2,845	1,715	43,956	48,516	1,495	5,112
Foreign exchange loss	472	8,573	5,991	15,036	2,291	29,464
Other	-	(260)	-	(260)	-	(280)
<b>On June 30 (unaudited)</b>	<b>251,668</b>	<b>872,504</b>	<b>2,996,012</b>	<b>4,120,184</b>	<b>18,404</b>	<b>924,311</b>
Current portion	251,668	171,423	44,678	467,769	18,404	219,257
Non-current portion	-	701,081	2,951,334	3,652,415	-	705,054

**Covenants**

The Group is required to comply with the financial and non-financial covenants under the terms of loan agreements. On June 16, 2021, the Company received a consent of the holders of Eurobonds with maturities in 2025, 2027, 2030, 2047, 2048 to bring the terms of these issues in line with the terms of the issue of KMG Eurobonds in 2020. As of June 30, 2021 and December 31, 2020 the Group complied with all financial and non-financial covenants.

**Hedge of net investment in the foreign operations**

As at June 30, 2021, certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. These borrowings are being used to hedge the Group's exposure to the US dollar foreign exchange risk on these investments. For the six months ended June 30, 2021, loss of 43,956 million tenge (for the six months ended, June 30, 2020: loss of 138,183 million tenge) on the translation of these borrowings were transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.



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

### 19. BORROWINGS (continued)

#### Hedge of net investment in the foreign operations (continued)

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the US dollars borrowings. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowings. As at June 30, 2021, and December 31, 2020, there was no ineffective portion of the hedge.

### 20. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

<i>In millions of tenge</i>	June, 30 2021 (unaudited)	December, 31 2020 (audited)
<b>Trade accounts payable</b>	<b>525,939</b>	<b>536,922</b>
<b>Other financial liabilities</b>		
Due to employees	48,877	54,741
Financial guarantees	12,388	14,910
Dividends payable	6,101	195
Other	46,725	49,454
	<b>114,091</b>	<b>119,403</b>
Current portion	88,172	86,440
Non-current portion	25,919	32,963
<b>Other non-financial liabilities</b>		
Contract liabilities	148,263	118,537
Other	34,568	39,315
	<b>182,831</b>	<b>157,852</b>
Current portion	128,747	129,021
Non-current portion	54,084	28,831
<b>Total other financial and non-financial liabilities</b>	<b>296,922</b>	<b>277,255</b>
Current portion	216,919	215,461
Non-current portion	80,003	61,794

As of June 30, 2021 and December 31, 2020, trade accounts payable were denominated in the following currencies:

<i>In millions of tenge</i>	June, 30 2021 (unaudited)	December, 31 2020 (audited)
US dollars	304,907	221,097
Tenge	174,260	249,108
Romanian Leu	37,929	44,457
Euro	4,618	6,558
Other currency	4,225	15,702
	<b>525,939</b>	<b>536,922</b>

As at June 30, 2021 and December 31, 2020, trade accounts payable and other financial liabilities were not interest bearing.

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

### 21. RELATED PARTY DISCLOSURES

#### Terms and conditions of transactions with related parties

Related party transactions were made on terms agreed between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties. Outstanding balances are mainly unsecured and interest free and settlement occurs in cash, except as indicated below. The Group recognises allowances for expected credit losses on amounts owed by related parties.

On March 11, 2021, the Company and Samruk-Kazyna entered into a trust management agreement with respect to 100% common shares of KTG, this will enable Samruk-Kazyna to be involved more actively in managing KTG to provide support on strategic issues related to its development. According to the trust management agreement, KMG retained full control over KTG due to substantive rights held to remove Samruk-Kazyna.

#### Transactions balances

The following table provides the balances of transactions with related parties as at June 30, 2021 and December 31, 2020:

<i>In millions of tenge</i>	<i>As at</i>	<i>Due from related parties</i>	<i>Due to related parties</i>	<i>Cash and deposits placed with related parties</i>	<i>Borrowings payable to related parties</i>
Samruk-Kazyna entities	<b>June 30, 2021</b>				
	<b>(unaudited)</b>	<b>433,085</b>	<b>34,446</b>	–	<b>39,380</b>
	December 31, 2020				
	<b>(audited)</b>	<b>402,272</b>	<b>5,921</b>	–	<b>45,192</b>
Associates	<b>June 30, 2021</b>				
	<b>(unaudited)</b>	<b>25,258</b>	<b>3,945</b>	–	–
	December 31, 2020				
	<b>(audited)</b>	<b>4,345</b>	<b>3,541</b>	–	–
Other state-controlled parties	<b>June 30, 2021</b>				
	<b>(unaudited)</b>	<b>5,098</b>	<b>4,976</b>	<b>85,922</b>	<b>202,037</b>
	December 31, 2020				
	<b>(audited)</b>	<b>4,116</b>	<b>113</b>	<b>126,443</b>	<b>273,695</b>
Joint ventures	<b>June 30, 2021</b>				
	<b>(unaudited)</b>	<b>363,250</b>	<b>267,528</b>	–	–
	December 31, 2020				
	<b>(audited)</b>	<b>357,832</b>	<b>246,555</b>	–	–

#### Due from/to related parties

##### *Samruk-Kazyna entities*

As at June 30, 2021, the increase in due from Samruk-Kazyna entities is mainly due to the additional financial aid provided to Samruk-Kazyna and the amortization of the discount on it in the amount of 21,442 million tenge and 16,524 million tenge, respectively.

As at June 30, 2021, the increase in due to Samruk-Kazyna entities is mainly due to conclusion of a contract by Intergas Central Asia, subsidiary of KazTransGas JSC, for pipeline lease for 32,632 million tenge.

#### Cash and deposits placed with related parties

##### *Other state-controlled parties*

As at June 30, 2021, the decrease of cash and deposits placed with the related party is mainly due to partial withdrawal of deposits for 100 million US dollars (equivalent to 42,422 million tenge as of the withdrawal date).

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

### 21. RELATED PARTY DISCLOSURES (continued)

#### Borrowings payable to related parties

##### *Other state-controlled parties*

As at June 30, 2021, decrease in borrowings to the related parties is mainly due to partial repayment of loans from DBK in the total amount of 82,567 million tenge, including interest.

#### Transactions turnover

The following table provides the total amount of transactions, which have been entered into with related parties during the six months ended June 30, 2021 and 2020:

<i>In millions of tenge</i>	<b>As at June 30,</b>	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Interest earned from related parties</b>	<b>Interest incurred to related parties</b>
Samruk-Kazyna entities	<b>2021 (unaudited)</b>	<b>10,096</b>	<b>7,338</b>	<b>17,345</b>	<b>975</b>
	2020 (unaudited)	6,631	12,330	14,165	1,174
Associates	<b>2021 (unaudited)</b>	<b>43,735</b>	<b>17,377</b>	<b>4,501</b>	<b>-</b>
	2020 (unaudited)	12,045	14,329	2,205	-
Other state-controlled parties	<b>2021 (unaudited)</b>	<b>17,827</b>	<b>6,975</b>	<b>162</b>	<b>11,695</b>
	2020 (unaudited)	20,318	10,046	11,791	13,458
Joint ventures	<b>2021 (unaudited)</b>	<b>196,296</b>	<b>819,354</b>	<b>12,123</b>	<b>354</b>
	2020 (unaudited)	146,499	548,577	15,863	230

#### Key management employee compensation

Total compensation to key management personnel (members of the Boards of directors and Management boards of the Group) included in general and administrative expenses in the accompanying interim consolidated statement of the comprehensive income was equal to 3,189 million tenge and 3,551 million tenge, respectively, for the six months ended June 30, 2021 and 2020, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

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

## 22. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

## Fair values of financial instruments and investment property

The carrying amount of the Group financial instruments and investment property as at June 30, 2021 and December 31, 2020 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

	June 30, 2021 (unaudited)			December 31, 2020 (audited)		
	Carrying amount	Fair value	Fair value by level of assessment	Carrying amount	Fair value	Fair value by level of assessment
			Level 1    Level 2    Level 3			Level 1    Level 2    Level 3
<i>In millions of tenge</i>						
Bonds receivable from Samruk-Kazyna	17,521	15,784	–    15,784    –	17,265	16,916	–    16,916    –
Loans given to related parties at amortised cost, lease receivables from joint venture	595,204	614,013	–    411,936    202,077	557,116	538,063	–    372,823    165,240
Fixed interest rate borrowings	3,389,177	4,016,224	3,579,623    436,601    –	3,394,958	4,103,404	3,640,931    462,473    –
Floating interest rate borrowings	731,007	746,675	–    746,675    –	683,490	699,509	–    699,509    –
Financial guarantee issued	12,388	13,045	–    –    13,045	14,910	15,464	–    –    15,464

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

### 22. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

#### Fair values of financial instruments and investment property (continued)

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

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

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

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

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the six months ended June 30, 2021.

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

	Valuation technique	Significant unobservable inputs	Range as of June 30, 2021 (unaudited)	Range as of December 31, 2020 (audited)
Loans given to related parties at amortised cost and lease receivables from JV	Discounted cash flow method	Interest/discount rate	7.62%-9.9%	7.54%-9.9%
Financial guarantee issued			4.1%	4.9%

### 23. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to the contingent liabilities and commitments disclosed in the Group annual consolidated financial statements of the Group for the year ended December 31, 2020, the following changes have taken place during the six months ended June 30, 2021:

#### Cost recovery audits

As of June 30, 2021 the Group's share in the total disputed amounts of costs is 1,177 million US dollars (equivalent to 503,578 million tenge) (as of December 31, 2020: 1,078 million US dollars, equivalent to 453,641 million tenge), including its share in the joint ventures.

#### Kazakhstan local market obligation

During the six months ended June 30, 2021 in accordance with its obligations, the Group delivered 3,396 thousand tons of crude oil (for the six months ended June 30, 2020: 3,048 thousand tons), including its share in the joint ventures, to the Kazakhstan local market.

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

### 23. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

#### Commitments under subsoil use contracts

As at June 30, 2021, the Group had the following commitments related to minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate:

<i>In millions of tenge</i>	<b>Capital expenditures</b>	<b>Operational expenditures</b>
<b>Year</b>		
2021	170,465	19,254
2022	110,032	4,064
2023	18,580	3,999
2024	8,981	4,019
2025-2048	5,469	22,714
<b>Total</b>	<b>313,527</b>	<b>54,050</b>

#### Oil supply commitments

As of June 30, 2021, the Group had commitments under the oil supply agreements in the total amount of 4.7 million ton (as of December 31, 2020: 8.2 million ton), including its share in joint venture commitments.

#### Other contractual commitments

As of June 30, 2021, the Group, including its share in joint ventures commitments, had other capital commitments of approximately 209,309 million tenge (as of December 31, 2020: 196,531 million tenge), related to acquisition and construction of long-lived assets.

As of June 30, 2021, the Group had commitments of 256,975 million tenge (as of December 31, 2020: 232,136 million tenge) under the investment programs approved by the joint order of Ministry of Energy of RK and Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of RK to facilitate production units.

#### Legal issues and claims

##### *The civil litigation at KMG International N.V. (further – KMGI)*

Faber Invest & Trade Inc. (further – Faber), the non-controlling shareholder of KMGI subsidiaries, resumed several previous civil filings in 2020, one of which challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital of 2003-2005. The hearings have been held periodically, but, no final decisions were made. On July 13, 2021, the court rejected the complaint of Faber. However, Faber appealed against this decision. Next hearings are scheduled to autumn 2021.

The Group believes that its position with regard to the new Faber filing will be sustained similar to the matters resolved in 2020 in favor of the Group, and as such, the Group did not recognize any provisions as of June 30, 2021.

##### *Settlement of the arbitration between KTG and the partners of the North Caspian project on gas price calculus from the Kashagan field.*

On February 19, 2021, a decision was issued by the arbitration court on the claim of KTG against the partners of the North Caspian project on gas price calculation for the Kashagan field (further – Decision). The Decision was issued in favor of KTG. For the six months ended June 30, 2021 the parties reached an agreement on the recalculation of contract price.

As of June 30, 2021, in accordance with the Decision, KTG received the payment from the partners of the North Caspian project in total amount of 134,750 million tenge including VAT (equivalent to 315 million US Dollars). The Group adjusted the cost of purchased gas for resale for 102,328 million tenge (equivalent to 240 million US dollars) and recognised fines and penalties and reimbursement of arbitration disputes in total amount of 14,289 million tenge (equivalent to 33 million US dollars) as other operating income.

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

### 24. SEGMENT REPORTING

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

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

Disaggregation of revenue by types of goods and services is presented in *Note 4* of this interim consolidated condensed financial statements.

For the six months ended June 30, 2021 disaggregated revenue type *Sales of crude oil and gas* and *Sales of refined products* mainly represents sales made by the following operating segments:

	Type of products and services			
	For the six months ended June 30,			
	2021 (unaudited)		2020 (unaudited)	
(in millions of tenge)	Sales of crude oil and gas	Sales of refined products	Sales of crude oil and gas	Sales of refined products
<b>Segments</b>				
Gas trading and transportation	368,136	–	432,973	–
Refining and trading of crude oil and refined products	1,382,482	720,016	840,577	442,576
Corporate	–	249,384	–	165,462
Exploration and production of oil and gas	–	1,660	–	2,190
Other	–	5,092	–	5,501
	<b>1,750,618</b>	<b>976,152</b>	<b>1,273,550</b>	<b>615,729</b>

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

EBITDA is a supplemental non-IFRS financial measure used by management to evaluate segments performance, and is defined as earnings before depreciation, depletion and amortization, finance income and expense, income tax expense.

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

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

### Geographic information

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

	June, 30 2021 (unaudited)	December, 31 2020 (audited)
<i>In millions of tenge</i>		
Kazakhstan	3,671,212	3,730,070
Other countries	628,120	639,675
	<b>4,299,332</b>	<b>4,369,745</b>



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

The following represents information about profit or loss, and assets and liabilities of operating segments of the Group as of June 30, 2021 and for the period then ended:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	3,276	98,917	450,092	2,263,000	249,495	57,339	-	3,122,119
Revenues from sales to other segments	572,263	38,620	615	75,376	19,282	39,734	(745,890)	-
<b>Total revenue</b>	<b>575,539</b>	<b>137,537</b>	<b>450,707</b>	<b>2,338,376</b>	<b>268,777</b>	<b>97,073</b>	<b>(745,890)</b>	<b>3,122,119</b>
Cost of purchased oil, gas, petroleum products and other materials	(14,210)	(6,346)	(68,991)	(2,042,997)	(113,700)	(13,311)	570,577	(1,688,978)
Production expenses	(147,441)	(50,876)	(38,053)	(86,349)	(79,228)	(72,571)	123,741	(350,777)
Taxes other than income tax	(153,669)	(6,281)	(7,355)	(7,245)	(19,185)	(3,538)	-	(197,273)
Transportation and selling expenses	(52,555)	(3,676)	(168,646)	(32,238)	(5,005)	(10)	27,932	(234,198)
General and administrative expenses	(13,467)	(9,523)	(12,063)	(16,006)	(7,834)	(9,722)	(129)	(68,744)
Share in profit of joint ventures and associates, net	264,038	47,140	166,223	6,025	-	(2,202)	-	481,224
<b>EBITDA</b>	<b>458,235</b>	<b>107,975</b>	<b>321,822</b>	<b>159,566</b>	<b>43,825</b>	<b>(4,281)</b>	<b>(23,769)</b>	<b>1,063,373</b>
<b>EBITDA, %</b>	<b>43%</b>	<b>10%</b>	<b>30%</b>	<b>15%</b>	<b>4%</b>	<b>0%</b>	<b>(2%)</b>	
Depreciation, depletion and amortization	(62,456)	(20,416)	(37,313)	(70,527)	(1,541)	(5,141)	-	(197,394)
Finance income	32,815	2,482	11,443	3,283	84,385	4,261	(92,582)	46,087
Finance costs	(9,670)	(2,522)	(21,365)	(40,647)	(103,274)	(2,392)	42,681	(137,189)
Impairment of property, plant and equipment, exploration and evaluation assets and assets classified as held for sale	3	-	-	-	-	(3,777)	-	(3,774)
Exploration expenses	(19,800)	-	-	-	-	-	-	(19,800)
Income tax expenses	(77,295)	(9,110)	(23,112)	(12,893)	(5,023)	(764)	-	(129,197)
<b>Net profit for the period</b>	<b>315,409</b>	<b>10,965</b>	<b>262,917</b>	<b>39,372</b>	<b>99,480</b>	<b>(12,628)</b>	<b>(71,082)</b>	<b>644,433</b>
<b>Other segment information</b>								
Investments in joint ventures and associates	5,713,726	496,613	632,554	42,154	-	20,387	-	6,905,434
Capital expenditures	72,537	40,676	29,772	11,607	4,561	7,352	-	166,505
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,763)	(9,860)	(7,873)	(46,594)	(25,986)	(10,005)	-	(105,081)
<b>Assets of the segment</b>	<b>8,325,723</b>	<b>1,153,547</b>	<b>2,628,946</b>	<b>2,802,925</b>	<b>1,317,774</b>	<b>283,418</b>	<b>(1,030,740)</b>	<b>15,461,593</b>
<b>Liabilities of the segment</b>	<b>859,577</b>	<b>198,044</b>	<b>880,371</b>	<b>1,794,014</b>	<b>3,320,641</b>	<b>105,598</b>	<b>(996,779)</b>	<b>6,161,566</b>

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

The following table represents information about profit or loss for the six months ended June 30, 2020, and assets and liabilities of operating segments of the Group as of December 31, 2020:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	3,946	114,456	504,439	1,412,125	165,462	53,667	-	2,254,095
Revenues from sales to other segments	413,198	57,514	566	166,851	25,353	37,236	(700,718)	-
<b>Total revenue</b>	<b>417,144</b>	<b>171,970</b>	<b>505,005</b>	<b>1,578,976</b>	<b>190,815</b>	<b>90,903</b>	<b>(700,718)</b>	<b>2,254,095</b>
Cost of purchased oil, gas, petroleum products and other materials	(14,417)	(6,057)	(203,893)	(1,321,346)	(99,125)	(12,872)	531,820	(1,125,890)
Production expenses	(150,271)	(61,956)	(36,380)	(112,437)	(67,324)	(66,830)	131,666	(363,532)
Taxes other than income tax	(102,505)	(6,498)	(7,804)	(6,893)	(12,342)	(3,524)	86	(139,480)
Transportation and selling expenses	(62,579)	(7,013)	(154,344)	(27,701)	(4,021)	(11)	33,184	(222,485)
General and administrative expenses	(15,073)	(5,475)	(11,414)	(19,011)	(13,609)	(12,809)	2,573	(74,818)
Share in profit of joint ventures and associates, net	76,297	45,409	102,234	(1,887)	-	2,227	-	224,280
<b>EBITDA</b>	<b>148,596</b>	<b>130,380</b>	<b>193,404</b>	<b>89,701</b>	<b>(5,606)</b>	<b>(2,916)</b>	<b>(1,389)</b>	<b>552,170</b>
<b>EBITDA, %</b>	<b>27%</b>	<b>24%</b>	<b>35%</b>	<b>16%</b>	<b>(1%)</b>	<b>(1%)</b>	<b>0%</b>	
Depreciation, depletion and amortization	(62,451)	(19,580)	(21,927)	(70,262)	(1,516)	(4,483)	-	(180,219)
Finance income	57,301	2,170	10,625	15,301	48,321	6,030	(76,217)	63,531
Finance costs	(8,717)	(3,126)	(16,121)	(45,948)	(126,117)	(5,120)	69,955	(135,194)
Impairment of property, plant and equipment, exploration and evaluation assets and assets classified as held for sale	(61,067)	(4,986)	-	(159,008)	(46)	(295)	-	(225,402)
Impairment of investments in joint venture and associate	(38,000)	-	-	-	-	-	-	(38,000)
Income tax expenses	(19,581)	(12,764)	(13,728)	21,647	(5,612)	(1,292)	-	(31,330)
<b>Net profit for the period</b>	<b>28,180</b>	<b>95,333</b>	<b>150,374</b>	<b>(189,632)</b>	<b>(41,708)</b>	<b>(15,285)</b>	<b>(6,558)</b>	<b>20,704</b>
<b>Other segment information</b>								
Investments in joint ventures and associates	5,371,371	515,025	525,626	34,122	-	24,877	-	6,471,021
Capital expenditures	79,747	12,218	86,982	50,965	5,069	8,461	-	243,442
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,495)	(6,457)	(7,240)	(46,112)	(25,141)	(9,254)	-	(98,699)
<b>Assets of the segment</b>	<b>7,827,588</b>	<b>1,189,807</b>	<b>2,405,880</b>	<b>2,654,458</b>	<b>1,302,283</b>	<b>281,039</b>	<b>(1,007,768)</b>	<b>14,653,287</b>
<b>Liabilities of the segment</b>	<b>814,551</b>	<b>198,810</b>	<b>921,668</b>	<b>1,704,835</b>	<b>3,269,893</b>	<b>105,549</b>	<b>(998,698)</b>	<b>6,016,608</b>

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

---

**25. SUBSEQUENT EVENTS****Dividends, received and paid**

On August 3, 2021, the Company paid dividends to National Bank of RK of 4,787 million tenge.

In July and August 2021 the Company received dividends from Kazakhstan - China Pipeline LLP, KazGeiMunay LLP, Caspian Pipeline Consortium and Mangistau Investments B.V. of 1,800 million tenge, 4,245 million tenge, 28 million US dollars (equivalent to 11,978 million tenge) and 36 million US dollars (equivalent to 15,427 million tenge), respectively.

**Incident at the Petromidia Refinery (further – Petromidia)**

On July 2, 2021, an incident led to fire occurred at the Petromidia, subsidiary of KMG International N.V. Incident resulted in temporarily stoppage of the Refinery production until facilities damaged are recovered. KMG International N.V. conducts assessments to estimate the incident consequences and necessary period for recovery and safe resumption of Refinery production.