

KazTransGas JSC

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

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

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Report on Review of Interim Financial Information

To the Shareholder and Management of KazTransGas JSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of KazTransGas JSC and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2021, related interim consolidated statement of comprehensive income for 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 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 KazTransGas JSC is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP

Paul Cohn
Audit Partner

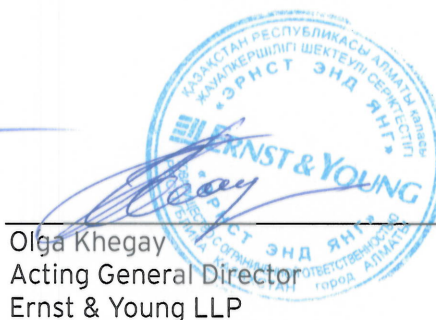


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3 August 2021



Olga Khegay
Acting General Director
Ernst & Young LLP

State audit license for audit activities on the
territory of the Republic of Kazakhstan: series
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on 15 July 2005

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of tenge</i>	Note	30 June 2021 (unaudited)	31 December 2020 (audited)
Assets			
Non-current assets			
Property, plant and equipment	4	962,002,804	990,109,905
Exploration and evaluation assets		18,827,162	17,366,269
Right-of-use assets	23	21,726,937	6,664,395
Intangible assets		5,956,185	6,565,366
Investment property		181,037	420,846
Investments in joint ventures	5	526,174,712	429,727,471
Advances paid for non-current assets	6	10,770,922	9,954,406
Loans to related party	7	172,624,576	169,752,081
VAT recoverable	8	66,094,281	82,189,267
Deferred tax assets		1,168,550	1,529,479
Other non-current financial assets		7,429,621	4,909,993
Other non-current assets		588,545	590,373
Bank deposits		3,259,945	4,424,954
		1,796,805,277	1,724,204,805
Current assets			
Inventories	10	23,429,581	34,331,863
Trade and other receivables	11	133,620,312	151,001,098
Advances paid	6	17,378,574	11,139,389
Loans to related party	7	2,413,005	2,399,147
Prepaid taxes other than income tax	8	31,296,567	63,873,646
Corporate income tax prepaid		15,120,547	34,288,692
Other current assets		864,382	273,883
Bank deposits		4,332,203	28,744
Cash and cash equivalents	9	457,028,818	246,299,557
		685,483,989	543,636,019
Assets held for sale	4	40,377,593	42,241,262
		725,861,582	585,877,281
Total assets		2,522,666,859	2,310,082,086

The accompanying notes on pages 6 to 22 are an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Note	30 June 2021 (unaudited)	31 December 2020 (audited)
Equity and liabilities			
Equity			
Share capital	12	417,780,839	417,780,839
Additional paid-in capital		25,946,130	25,946,130
Foreign currency translation reserve		2,158,303	2,028,278
Retained earnings		1,196,429,474	942,677,368
		1,642,314,746	1,388,432,615
Non-current liabilities			
Debt securities issued	13	306,101,660	301,085,510
Interest bearing loans	14	162,138,807	167,977,800
Employee benefit obligations		554,885	474,235
Provisions	15	87,304,936	82,802,670
Other non-current financial liabilities		6,872,385	8,401,702
Other non-current liabilities		12,147,261	8,865,059
Deferred tax liabilities		60,350,429	59,970,011
		635,470,363	629,576,987
Current liabilities			
Debt securities issued	13	3,496,475	3,440,968
Interest bearing loans	14	20,449,891	20,319,501
Loans from related party		318,236	318,236
Provisions	15	32,857,153	32,456,813
Trade and other payables	16	130,442,356	204,911,548
Corporate income tax payable		145,093	-
Taxes payable other than income tax		3,647,041	4,871,841
Contract liabilities		7,362,292	6,212,608
Other current financial liabilities	23	38,901,877	8,751,743
Other current liabilities		7,261,336	10,789,226
		244,881,750	292,072,484
Total liabilities		880,352,113	921,649,471
Total equity and liabilities		2,522,666,859	2,310,082,086

Deputy of Chairman of Management Board on economics and finance



Zhanizak T.Zh.

Chief accountant

Meldekhanov B.N.

The accompanying notes on pages 6 to 22 are an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of tenge</i>	Note	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
		2021	2020	2021	2020
Revenue from contracts with customers	17	209,294,185	183,449,778	450,706,765	505,004,388
Cost of sales	18	(164,298,461)	(162,053,467)	(317,547,265)	(420,900,669)
Gross profit		44,995,724	21,396,311	133,159,500	84,103,719
General and administrative expenses (Accrual)/reversal of allowance for expected credit losses	19	(7,972,134)	(6,694,185)	(14,128,188)	(12,859,666)
Other operating income	20	15,060,541	1,511,314	16,758,403	2,687,318
Other operating expenses		(491,777)	(968,357)	(871,536)	(1,324,380)
Operating profit		51,780,725	13,920,827	134,167,140	70,670,127
Finance income	21	5,904,837	6,023,487	11,441,860	10,625,189
Finance costs	21	(11,564,142)	(8,516,775)	(21,365,332)	(16,119,885)
Share in income of joint ventures	5	81,451,928	112,777,818	157,058,851	100,766,290
Foreign exchange (loss)/income, net		(5,423,097)	3,126,148	(4,438,480)	(3,850,856)
Profit before income tax		122,150,251	127,331,505	276,864,039	162,090,865
Income tax expenses	22	(12,174,432)	(4,513,984)	(23,111,933)	(13,727,663)
Net profit for the period after tax		109,975,819	122,817,521	253,752,106	148,363,202
Other comprehensive income		102,711	41,097	130,025	41,097
Comprehensive income to be reclassified to profit and loss in subsequent periods					
Exchange differences on translation of foreign operations		102,711	-	130,025	-
Comprehensive income not to be reclassified to profit and loss in subsequent periods					
Actuarial income on defined benefit plans		-	41,097	-	41,097
Total comprehensive income for the period, net of tax		110,078,530	122,858,618	253,882,131	148,404,299
Earnings per share					
Basic and diluted, earnings per share for the period attributable to the parent	12	0.29	0.35	0.68	0.42

Deputy of Chairman of Management Board on economics and finance



Chief accountant

Meldekhanov B.N.

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In thousands of tenge</i>	Note	For the six months ended 30 June (unaudited)	
		2021	2020
Cash flows from operating activities			
Receipts from customers		497,781,737	620,317,170
Interest received		8,933,773	7,038,767
Taxes refund from Tax authorities		47,598,872	31,582,792
Receipts from suppliers under the arbitration decision	18	134,750,060	-
Other receipts		1,524,206	977,421
Payments to suppliers		(465,044,439)	(419,910,857)
Income tax paid		(1,466,715)	(7,962,996)
Other taxes and payments to the budget and fund		(22,362,488)	(23,657,335)
Interest paid		(15,588,848)	(14,583,397)
Payments to employees		(24,153,864)	(20,280,405)
Other payments		(3,690,606)	(3,221,510)
Net cash flows received from operating activities		158,281,688	170,299,650
Cash flows from investing activities			
Withdrawal of bank deposits		1,365,578	692,519
Proceeds from sale of property, plant and equipment and intangible assets		40,906,459	46,920
Dividends received from joint ventures	5	58,251,774	-
Investments in joint venture	5	(210,139)	-
Acquisition of long-term financial assets		(673,261)	(927,702)
Placement of bank deposits		(4,385,783)	(350,845)
Purchase of property, plant and equipment, intangible assets, and exploration and evaluation assets		(29,650,638)	(42,199,920)
Acquisition of a subsidiary, net of cash acquired		-	(24,894)
Net cash flows received from / (used in) investing activities		65,603,990	(42,763,922)
Cash flows from financing activities			
Proceeds from issue of common shares		-	1,000,151
Proceeds on interest bearing loans		-	4,314,938
Proceeds on loans from related parties		-	318,236
Repayments of interest bearing loans and debt securities issued		(9,410,457)	(29,655,286)
Payments on lease obligations		(4,217,530)	-
Dividends paid		-	(3,111)
Net cash flows used in financing activities		(13,627,987)	(24,025,072)
Net foreign exchange difference on cash and cash equivalents		471,570	2,579,094
Net change in cash and cash equivalents		210,729,261	106,089,750
Cash and cash equivalents, at the beginning of the period	9	246,299,557	114,165,359
Cash and cash equivalents, at the end of the period	9	457,028,818	220,255,109

Deputy of Chairman of Management Board on economics and finance

Chief accountant



Zhantuzak T. Zh.

Meldokhanov B.N.

The accompanying notes on pages 6 to 22 are an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousands of tenge</i>	Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Total
At 31 December 2019 (audited)	192,623,055	250,384,811	546,149	693,053,481	1,136,607,496
Net profit for the period	-	-	-	148,363,202	148,363,202
Other comprehensive income for the period	-	-	-	41,097	41,097
Total comprehensive income for the period	-	-	-	148,404,299	148,404,299
Common shares issued	17,750,434	-	-	(16,750,283)	1,000,151
Dividends paid	-	-	-	(3,111)	(3,111)
Contribution from the Shareholder	-	4,731,400	-	-	4,731,400
Other transactions with the Shareholder	-	(9,628,237)	-	622,186	(9,006,051)
At 30 June 2020 (unaudited)	210,373,489	245,487,974	546,149	825,326,572	1,281,734,184
At 31 December 2020 (audited)	417,780,839	25,946,130	2,028,278	942,677,368	1,388,432,615
Net profit for the period	-	-	-	253,752,106	253,752,106
Other comprehensive income for the period	-	-	130,025	-	130,025
Total comprehensive income for the period	-	-	130,025	253,752,106	253,882,131
At 30 June 2021 (unaudited)	417,780,839	25,946,130	2,158,303	1,196,429,474	1,642,314,746

Deputy of Chairman of Management Board on economics and finance



Zharmuzak T.Zh.

Chief accountant

Meldekhanov B.N.

The accompanying notes on pages 6 to 22 are an integral part of these interim condensed consolidated financial statements (unaudited).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**As at and for the three and six months ended 30 June 2021**

1. CORPORATE INFORMATION

The accompanying interim condensed consolidated financial statements include the financial statements of KazTransGas JSC (the “Company” or “KTG”) and its subsidiaries (hereinafter collectively referred to as the “Group”).

KTG is a joint stock company established in accordance with the Resolution of the Government of the Republic of Kazakhstan (the “Government”) No. 173 dated 5 February 2000 and was registered as a closed joint stock company on 13 March 2000. On 9 June 2004 the Company was re-registered as a joint stock company under the laws of the Republic of Kazakhstan. The Group’s head office is registered in the Republic of Kazakhstan, Nur-Sultan, Yesil district, Alikhan Bokeykhan street, 12.

NC KazMunayGas JSC (“KazMunayGas” or “KMG”) is the sole shareholder of KTG. The Government as 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 and the Group (*Note 23*).

In accordance with the Resolution of the Government No. 914 dated 5 July 2012, KTG was appointed as the national operator in the area of gas and gas supplies. In the role of national operator, the Group’s main activities are aimed to ensure reliable supply of commercial gas to meet the domestic demand in Kazakhstan.

The main activities of the Group include the following:

- Managing of investment activities for the overall development of the main gas pipeline systems within Kazakhstan;
- Managing of investment activities for gas fields development within Kazakhstan;
- Providing consulting services related to research and development of gas industry projects;
- Sale of gas to external and local markets;
- Participation in the development and implementation of state programs for the gas industry development.

The Group’s operating activities are regulated by the Law of the Republic of Kazakhstan *On Natural Monopolies and Regulated Markets* (the “Law”) as the Group is a natural monopolist in transportation and supply of gas on domestic market. According to the Law, the Group’s tariffs related to gas transportation and sales on domestic market 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 and Ministry of Energy of the Republic of Kazakhstan.

As at 30 June 2021, the Group has commitments in the amount of 46,385,914 thousand tenge under the investment program (as at 31 December 2020: 17,909,503 thousand tenge). The results of the implementation of this program can influence the future tariffs. As at 30 June 2021, the Group fulfils its obligations under the approved investment program, taking into account the adjustments made.

The accompanying interim condensed consolidated financial statements were authorized for release by the deputy of chairman of management board on economics and finance and chief accountant of the Company on 3 August 2021.

Exploration and production of hydrocarbons

In December 2000, the Group signed the Contract with the Investment agency of the Republic of Kazakhstan on exploration and production of hydrocarbons on North-Ucharal, Ucharal-Kempirtobe territories and blocks XXXIII-48, XXXIII-49, XXXIV-49, XXXIV-50, XXXIV-51, XXXV-50, including Amangeldy, Anabai, Airakty and Kumyrlы gas fields, in Zhambyl oblast, South Kazakhstan (the “Hydrocarbon Agreement”). The term of the Hydrocarbon Agreement is 31 years. The Group started production and sale of gas at Amangeldy gas field in November 2003 and at Zharkum field in December 2014.

Under the terms of the Hydrocarbon Agreement, the Group has the right to relinquish any of the block areas unless commercially viable hydrocarbon reserves are discovered.

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

Subsidiaries

As at 30 June 2021 and 31 December 2020, the Company had interest in equity of the following entities, which are included into the interim condensed consolidated financial statements:

Name	Place of incorporation	Principal activities	Ownership	
			30 June 2021	31 December 2020
Intergas Central Asia JSC (ICA)	Kazakhstan	Transportation and storage of gas and rendering technical services for gas pipelines in Kazakhstan	100%	100%
KazTransGas Aimak JSC (KTG Aimak)	Kazakhstan	Sale of gas to local power distributors, legal entities and individuals	100%	100%
KazTransGas Onimderi LLP	Kazakhstan	Transportation services	100%	100%
Amangeldy Gas LLP (Amangeldy Gas)	Kazakhstan	Production of natural gas and gas condensate	100%	100%
Qazaq Gas Qurylys LLP	Kazakhstan	Exploration of natural gas and gas condensate	100%	100%
KazTransGas Bishkek LLC	Kyrgyzstan	Repair and renewal operations and modernization of the main gas pipeline "Bukhara gas area – Tashkent – Bishkek – Almaty"	100%	100%
KTG Finance B.V.	Netherlands	Financial activities	100%	100%
KazMunayGas Service-NS JSC	Kazakhstan	Construction and/(or) maintenance of Golf Club	100%	100%

During the six months ended 30 June 2021, KMG Kansu Operating LLP was renamed to Qazaq Gas Qurylys LLP.

Investments in joint ventures

As at 30 June 2021 and 31 December 2020, the Group had interests in the following joint ventures which are accounted for in the consolidated financial statements using the equity method:

Name	Place of incorporation	Principal activities	Share, %	
			30 June 2021	31 December 2020
Asian Gas Pipeline LLP (AGP)	Kazakhstan	Construction and operating of Kazakhstan – China gas pipeline	50%	50%
Beineu-Shymkent Pipeline LLP (BShP)	Kazakhstan	Construction and operating of Beineu-Bozoy-Shymkent gas pipeline	50%	50%
AvtoGaz LLP (AG)	Kazakhstan	Organization, operation, construction and maintenance of gas filling compressor stations	50%	50%
Otan Gas LLP (OG)	Kazakhstan	Construction of gas processing plant	50%	50%

Foreign 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. As at 30 June 2021, the currency exchange rate of KASE was 427.89 tenge to 1 US dollar and 5.85 tenge to 1 Russian ruble. These rates were used for translation of monetary assets and liabilities denominated in US dollar and Russian ruble at 30 June 2021(31 December 2020: 420.91 tenge to 1 US dollar and 5.62 tenge to 1 Russian ruble).

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

3. CHANGES IN ACCOUNTING POLICY OF THE GROUP**New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as at 1 January 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.

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.

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

Property, plant and equipment and related accumulated depreciation and impairment are as follows:

<i>In thousands of tenge</i>	Land	Gas assets	Buildings and constructions	Gas transportation system	Equipment	Vehicles	Other	Construction in-progress	Total
Cost									
At 31 December 2020 (audited)	541,592	43,234,797	102,088,937	690,407,266	376,837,911	23,356,963	9,476,713	34,541,642	1,280,485,821
Additions	-	1,077,454	584	4,187,967	253,453	57,783	122,457	24,440,687	30,140,385
Change in estimate (Note 15)	-	(11,116)	-	1,654,780	-	-	-	-	1,643,664
Transfers to assets held for sale	-	-	(7,637,266)	-	(36,272,948)	-	(133,629)	-	(44,043,843)
Transfers to other current assets	-	-	-	-	-	(84,768)	-	-	(84,768)
Transfers	-	-	636,588	1,372,557	3,101,090	4,333	19,578	(5,134,146)	-
Disposals	-	(118)	(291,527)	(3,846,945)	(297,149)	(18,228)	(95,732)	(24,192)	(4,573,891)
At 30 June 2021 (unaudited)	541,592	44,301,017	94,797,316	693,775,625	343,622,357	23,316,083	9,389,387	53,823,991	1,263,567,368
Accumulated depreciation and impairment									
At 31 December 2020 (audited)	-	(13,044,220)	(21,495,677)	(131,795,397)	(95,151,673)	(18,323,012)	(5,721,468)	(4,844,469)	(290,375,916)
Charge for the period	-	(692,017)	(1,509,592)	(8,499,974)	(7,560,872)	(694,987)	(244,196)	-	(19,201,638)
Transfers to assets held for sale	-	-	443,323	-	3,192,795	-	30,132	-	3,666,250
Transfers to other current assets	-	-	-	-	-	50,301	-	-	50,301
Transfers	-	-	882	-	(879)	-	(3)	-	-
Disposals	-	39	288,013	3,713,699	184,248	15,068	95,372	-	4,296,439
At 30 June 2021 (unaudited)	-	(13,736,198)	(22,273,051)	(136,581,672)	(99,336,381)	(18,952,630)	(5,840,163)	(4,844,469)	(301,564,564)
Net book value									
At 31 December 2020 (audited)	541,592	30,190,577	80,593,260	558,611,869	281,686,238	5,033,951	3,755,245	29,697,173	990,109,905
At 30 June 2021 (unaudited)	541,592	30,564,819	72,524,265	557,193,953	244,285,976	4,363,453	3,549,224	48,979,522	962,002,804

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

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Additions

During the six months ended 30 June 2021, additions to construction-in-progress mainly relate to the expenditures on construction of gas metering stations and shift camps of 12,677,303 thousand tenge and capital repair, emergency recovery works, diagnostics and replacing defective pipes of 11,248,436 thousand tenge.

Transfers

Significant portion of fixed assets placed in operations is related to completion of the above construction works and placement of respective property, plant and equipment in operation.

Transfer to assets held for sale

During the six months ended 30 June 2021, the Group classified "Aral" gas compressor station and related fixed assets with the total net book value of 40,377,593 thousand tenge as assets held for sale. During the six months ended 30 June 2021, the Group sold "Korkyt-ata" gas compressor station for 42,886,487 thousand tenge to BShP.

Other

As at 30 June 2021, the historical cost of fully depreciated property, plant and equipment still in operation amounted to 18,787,243 thousand tenge (as at 31 December 2020: 18,749,619 thousand tenge).

5. INVESTMENTS IN JOINT VENTURES

As at 30 June 2021 and 31 December 2020, the carrying amount of investments in joint ventures were as follows:

<i>In thousands of tenge</i>	AGP	BShP	AG	OG	Total
31 December 2020 (audited)	291,086,301	137,574,204	1,066,966	-	429,727,471
Share in profit of joint venture	120,824,379	38,111,756	61,448	-	158,997,583
Share in other comprehensive income of joint venture	130,025	-	-	-	130,025
Cash contribution	-	-	-	210,139	210,139
Elimination of unrealized gain	-	(1,938,732)	-	-	(1,938,732)
Withholding tax	-	(2,700,000)	-	-	(2,700,000)
Dividends received	(40,215,563)	(18,000,000)	(36,211)	-	(58,251,774)
30 June 2021 (unaudited)	371,825,142	153,047,228	1,092,203	210,139	526,174,712

6. ADVANCES PAID

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Advances paid for non-current assets		
Advances paid to third parties	10,681,631	9,865,115
Advances paid to related parties (Note 23)	364,778	364,778
Less: allowance for possible non-performance	(275,487)	(275,487)
	10,770,922	9,954,406
Advances paid for current assets and services		
Advances paid to third parties	12,937,920	6,708,717
Advances paid to related parties (Note 23)	4,440,704	4,440,525
Less: allowance for possible non-performance	(50)	(9,853)
	17,378,574	11,139,389

As at 30 June 2021, advances paid for non-current assets to third parties mainly include advances of 8,038,352 thousand tenge for capital repair of main gas pipelines.

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

7. LOANS TO RELATED PARTY

As at 30 June 2021 and 31 December 2020, loans to related party comprised the following:

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Financial assets at amortized cost		
Interest bearing loans to related party	173,562,822	170,690,327
Plus: interest receivable	2,413,005	2,399,147
Less: impairment	(938,246)	(938,246)
	175,037,581	172,151,228
Less: current portion (Note 23)	(2,413,005)	(2,399,147)
Non-current portion (Note 23)	172,624,576	169,752,081

8. VAT RECOVERABLE AND PREPAID TAXES OTHER THAN INCOME TAX

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
VAT recoverable	111,297,483	159,976,958
Withholding tax	331,216	670,992
Property tax	187,035	258,804
Other taxes prepaid	87,397	106,221
	111,903,131	161,012,975
Less: allowance for non-recoverable VAT	(14,512,283)	(14,950,062)
	97,390,848	146,062,913
Non-current portion	66,094,281	82,189,267
Current portion	31,296,567	63,873,646

9. CASH AND CASH EQUIVALENTS

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Foreign currency bank accounts	162,534,485	139,246,497
Cash in transit	134,961,733	36,187
Tenge bank accounts	78,146,052	61,316,981
Foreign currency deposits	42,779,000	-
Tenge bank deposits	38,605,486	45,695,355
Cash on hand	2,062	4,537
	457,028,818	246,299,557

As at 30 June 2021, deposits were placed in banks at interest rates of 7-8.4% per annum in tenge (31 December 2020: 5-8%) and 0.15% in foreign currency (31 December 2020: nil).

As at 30 June 2021, interest rates for cash on the current accounts in banks were 0.12% per annum in tenge (as at 31 December 2020: 0.13%) and nil in a foreign currency.

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

10. INVENTORIES

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Gas inventory (at cost)	21,095,224	32,493,223
Materials and supplies (at lower of cost and net realizable value)	2,334,357	1,838,640
	23,429,581	34,331,863

Materials and supplies mainly include spare parts for maintenance of gas transportation system, methanol and lubricating materials to be used in the gas transportation equipment and the goods for internal use. Gas inventory includes fuel gas and gas for sale.

11. TRADE AND OTHER RECEIVABLES

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Trade receivables from third parties	125,828,623	145,807,123
Trade receivables from related parties (Note 23)	7,617,488	6,328,852
Other receivables from third parties	3,099,182	1,135,341
Other receivables from related parties (Note 23)	1,932,416	1,931,232
	138,477,709	155,202,548
Less: allowance for expected credit losses	(4,857,397)	(4,201,450)
	133,620,312	151,001,098

As at 30 June 2021 and 31 December 2020 trade accounts receivable are denominated mostly in USD and KZT, are due within 90 days and are non-interest bearing.

Movements in the allowance for expected credit losses were as follows:

<i>In thousands of tenge</i>	Individually impaired
At 31 December 2020 (audited)	(4,201,450)
Charge for the period	(1,711,645)
Foreign currency translation	(6,088)
Utilized	101,882
Recovered	959,904
At 30 June 2021 (unaudited)	(4,857,397)

12. EQUITY

Share capital

<i>In thousands of tenge</i>	Common shares outstanding (number of shares)					Total share capital
	Par value of 100 tenge	Par value of 138 tenge	Par value of 2,500 tenge	Par value of 10,000 tenge	Par value of 17,632 tenge	
As at 30 June 2021	312,167,670	1	30,976,655	29,137,200	1,006,717	417,780,839
As at 31 December 2020	312,167,670	1	30,976,655	29,137,200	1,006,717	417,780,839

Common shares give holders the right to vote on all matters within the competence of the General Shareholders Meeting. Dividends on common shares are paid at the Shareholder's discretion. During the six months ended 30 June 2021, the Group did not distribute any dividends.

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

12. EQUITY (continued)

Book value per share

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Total assets	2,522,666,859	2,310,082,086
Less: intangible assets	(5,956,185)	(6,565,366)
Less: total liabilities	(880,352,113)	(921,649,471)
Net assets for common shares	1,636,358,561	1,381,867,249
Number of common shares	373,288,243	373,288,243
Book value per common share in thousands of tenge	4.384	3.702

In accordance with the decision of the Exchange Board of Kazakhstan Stock Exchange JSC (“KASE”) dated 4 October 2010 financial statements shall disclose book value per share (common and preferred) as of the reporting date, calculated in accordance with the KASE rules.

Earnings per share

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

The following table reflects the income and share data used in the basic earnings per share computations for the reporting periods ended:

	For the six months ended 30 June (unaudited)	
	2021	2020
Net income attributable to shareholder for basic and diluted earnings per share (in thousands of tenge)	253,752,106	148,363,202
Average number of common shares for basic and diluted earnings per share	373,288,243	351,708,577
Basic and diluted, earnings per share for the period attributable to the parent (in thousands of tenge)	0.68	0.42

13. DEBT SECURITIES ISSUED

As at 30 June 2021 and 31 December 2020, debt securities issued comprised:

	Issue	Maturity	Interest rate	30 June 2021 (unaudited)		31 December 2020 (audited)	
				US dollars	In thousands of tenge	US dollars	In thousands of tenge
KTG bonds	2017	2027	4.375%	706,320,000	302,227,265	706,320,000	297,297,151
KTG Aimak bonds	2015	2025	7.50%	-	5,000,000	-	5,000,000
				706,320,000	307,227,265	706,320,000	302,297,151
Plus: interest payable					3,496,475		3,440,968
Less: unamortized transaction costs					(238,538)		(257,483)
Less: discount					(887,067)		(954,158)
					309,598,135		304,526,478
Less: the amount to be repaid within 12 months from the reporting date					(3,496,475)		(3,440,968)
Amounts due after 12 months					306,101,660		301,085,510

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (unaudited) (continued)**
14. INTEREST BEARING LOANS

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

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Interest bearing loans with floating rate	141,750,198	143,576,746
Interest bearing loans with fixed rate	40,527,222	44,626,286
	182,277,420	188,203,032
Plus: interest payable	1,629,329	1,498,888
Less: unamortized transaction costs	(1,318,051)	(1,404,619)
	182,588,698	188,297,301
Less: amount due for settlement within 12 months from the reporting date	(20,449,891)	(20,319,501)
Amounts due for settlement after 12 months	162,138,807	167,977,800

15. PROVISIONS

<i>In thousands of tenge</i>	Provision for gas transporta- tion expenses	Abandon- ment, site restoration provision	Gas pipeline abandon- ment and site restoration provision	Tax provisions	Other	Total
At 31 December 2020 (audited)	30,765,943	2,921,803	79,869,001	72,883	1,629,853	115,259,483
Arising during the period	-	-	-	-	1,231	1,231
Change in estimates (Note 4)	-	(11,116)	1,654,780	-	-	1,643,664
Unwinding of discount	-	108,671	2,748,700	-	-	2,857,371
Foreign exchange difference	510,195	-	-	-	-	510,195
Utilised	-	-	-	(65,407)	(44,448)	(109,855)
At 30 June 2021 (unaudited)	31,276,138	3,019,358	84,272,481	7,476	1,586,636	120,162,089
Current provisions as at 30 June 2021	31,276,138	-	-	7,476	1,573,539	32,857,153
Non-current provisions as at 30 June 2021	-	3,019,358	84,272,481	-	13,097	87,304,936
Current provisions as at 31 December 2020 (audited)	30,765,943	-	-	72,883	1,617,987	32,456,813
Non-current provisions as at 31 December 2020	-	2,921,803	79,869,001	-	11,866	82,802,670

16. TRADE AND OTHER PAYABLES

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Due to related parties (Note 23)	97,792,598	152,443,628
Due to third parties	32,649,758	52,467,920
	130,442,356	204,911,548

Trade payables represent payables for purchased gas and assets and services related to the repair and maintenance of the gas transportation system. Trade payables are non-interest bearing and usually settled within 30 days.

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

16. TRADE AND OTHER PAYABLES (continued)

Trade payables are denominated in the following currencies:

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
KZT	117,317,049	170,623,930
USD	12,267,889	21,197,018
RUR	857,229	13,075,847
Other	189	14,753
	130,442,356	204,911,548

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In thousands of tenge</i>	Timing of revenue recognition	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
		2021	2020	2021	2020
Type of goods or service					
Revenue from sales of gas	Over time	167,562,675	157,735,560	369,237,879	433,960,893
Revenue from gas transportation services	Over time	39,227,768	21,041,874	75,204,002	62,091,407
Revenue from technical maintenance of gas pipelines	Over time	2,317,022	4,542,196	6,029,972	8,735,439
Other	Over time	186,720	130,148	234,912	216,649
		209,294,185	183,449,778	450,706,765	505,004,388
Geographical markets					
China		127,065,152	116,487,574	236,084,524	287,465,179
Kazakhstan		51,932,371	57,397,599	167,166,698	155,100,026
CIS		30,296,662	9,564,605	47,455,543	62,439,183
		209,294,185	183,449,778	450,706,765	505,004,388

18. COST OF SALES

<i>In thousands of tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Transportation expenses	76,943,816	69,033,930	170,220,247	155,927,059
Cost of gas sold	46,811,587	62,705,344	62,898,856	198,755,655
Payroll and related contributions	11,300,012	9,721,539	24,319,863	22,719,249
Depreciation and amortization	9,159,686	10,174,062	18,998,584	19,753,980
Depreciation of the right-of-use assets	8,124,572	-	16,249,146	-
Fuel gas and gas losses	3,331,487	2,123,079	8,906,827	7,000,848
Taxes other than income tax	2,643,636	2,622,287	5,330,711	5,250,897
Billing services	1,823,391	1,619,883	2,378,597	2,763,806
Security	832,576	845,527	1,655,005	1,675,252
Repair and maintenance	921,370	748,088	1,604,227	1,425,710
Electricity	304,613	179,584	869,464	640,752
Business trip expenses	384,306	161,879	675,264	457,115
Communication expenses	306,144	283,998	585,674	565,269
Insurance	219,500	187,094	438,214	364,620
Materials and supplies	110,195	194,925	286,660	304,514
Expense relating to short-term leases	95,592	914,063	188,910	2,068,803
Other	985,978	538,185	1,941,016	1,227,140
	164,298,461	162,053,467	317,547,265	420,900,669

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (unaudited) (continued)**
18. COST OF SALES (continued)

In accordance with the arbitration decision on a dispute of correct approach to be adopted in calculating the contract price under the gas sale and purchase agreement, the parties reached an agreement on the recalculation of contract price in favor of KTG. During the six months ended 30 June 2021, cost of gas sold was adjusted in the amount of 102,327,773 thousand tenge (equivalent to 239,648 thousand US Dollars), fines and penalties of 13,556,064 thousand tenge (equivalent to 31,762 thousand US Dollars) and reimbursement of arbitration disputes of 732,612 thousand tenge (equivalent to 1,716 thousand US Dollars) were recognized as other operating income (*Note 20*). As at 30 June 2021, the total amount received from the parties under the arbitration decision was equal to 134,750,060 thousand tenge including VAT (equivalent to 315,432 thousand US Dollars).

19. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Payroll and related contributions	3,379,847	2,785,085	6,150,000	5,605,816
Consulting services	928,856	549,938	1,479,624	803,297
Repair and maintenance	1,008,272	603,750	1,329,737	854,001
Taxes other than income tax	589,586	794,770	1,140,721	1,441,890
Depreciation of the right-of-use assets	544,063	590,540	1,092,142	1,180,614
Depreciation and amortization	485,099	469,613	962,857	926,119
Expense relating to short-term leases and leases of low-value assets	110,203	106,561	229,726	215,175
Office maintenance expenses	104,617	129,228	181,144	243,230
Bank charges	35,822	23,152	96,389	59,518
Communication services	47,879	45,553	94,014	89,425
Business trip expenses	40,345	17,212	85,760	73,027
Security costs	28,232	27,615	51,616	54,949
Personnel development and qualification upgrade	11,191	5,050	18,928	47,220
Insurance expenses	7,810	9,467	17,580	17,337
Fines and penalties	2,135	3,936	7,884	5,419
Tax provision, net	-	2,685	-	2,700
Festive and cultural events expenses	-	-	-	63
Write-down of inventory to net realisable value	(5,034)	(1,600)	(5,077)	(1,600)
Other	653,211	531,630	1,195,143	1,241,466
	7,972,134	6,694,185	14,128,188	12,859,666

20. OTHER OPERATING INCOME

<i>In thousands of tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Fines and penalties	13,889,008	36,114	14,128,309	345,889
Income from services rendered (gas supply to residential buildings, hook-up, technical maintenance)	476,098	203,633	903,125	635,944
Reimbursement of arbitration disputes	732,612	-	732,612	-
Income from disposal of property, plant and equipment, net	(229,913)	-	410,840	-
Amortization of deferred income	124,219	128,199	251,559	250,318
Income from sale of inventories, net	17,456	1,211	213,548	62,923
Gain on curtailment	-	1,092,497	-	1,092,497
Other	51,061	49,660	118,410	299,747
	15,060,541	1,511,314	16,758,403	2,687,318

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (unaudited) (continued)**
21. FINANCE INCOME AND FINANCE COSTS

<i>In thousands of tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Finance income				
Interest income on bank deposits	2,461,840	1,651,431	4,790,848	2,879,334
Interest income on loans to related parties	2,463,176	2,466,983	4,784,406	4,706,529
Amortization of financial guarantee	835,300	1,045,799	1,655,629	2,095,164
Discount on redemption of debt securities	–	927,194	–	927,194
Other	144,521	(67,920)	210,977	16,968
	5,904,837	6,023,487	11,441,860	10,625,189
Finance costs				
Interest on debt securities issued	(4,902,928)	(3,373,581)	(8,255,705)	(6,770,210)
Interest bearing loans	(4,030,631)	(2,877,482)	(7,723,841)	(4,918,246)
Unwinding of discount – abandonment and site restoration provisions (<i>Note 15</i>)	(1,378,374)	(1,654,179)	(2,857,371)	(3,189,683)
Interest expense on lease obligations	(908,431)	–	(1,811,056)	–
Amortization of transaction costs related to interest bearing loans	(43,432)	(16,378)	(86,568)	(32,756)
Amortization of discount on debt securities issued	(39,410)	(34,983)	(74,355)	(69,159)
Unwinding of discount on financial liabilities	–	(176,505)	–	(350,430)
Interest on loans from related party	–	(152,540)	–	(305,079)
Other loss from financial assets	–	–	–	–
Other	(260,936)	(231,127)	(556,436)	(484,322)
	(11,564,142)	(8,516,775)	(21,365,332)	(16,119,885)

22. INCOME TAX EXPENSES

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

<i>In thousands of tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Corporate income tax expense	11,452,558	656,358	22,229,372	7,816,066
Deferred income tax expense	721,874	3,427,635	741,347	5,481,606
Adjustment of prior year income tax	–	429,991	141,214	429,991
	12,174,432	4,513,984	23,111,933	13,727,663

23. RELATED PARTY TRANSACTIONS
Terms and conditions of transactions with related parties

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Management believes that the Group has appropriate procedures for identification and appropriate disclosure of information on related parties transactions.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
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23. RELATED PARTY TRANSACTIONS (continued)
Terms and conditions of transactions with related parties (continued)

Major transactions with related parties for the six months ended 30 June 2021 and 2020 are as follows:

<i>In thousands of tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2021	2020	2021	2020
Sales of goods and services				
Entities under common control of KazMunayGas	215,218	172,166	626,413	574,655
Joint ventures in which the Group is a venturer	44,329,744	4,306,163	48,429,015	8,317,919
Joint ventures in which Parent is a venturer	3,902,395	9,727,005	8,779,951	16,419,209
Entities under common control of Samruk-Kazyna and the Government	1,940,595	1,100,442	7,725,797	5,352,641
Joint ventures in which Samruk-Kazyna and the Government are venturers	–	1,191	–	1,191
	50,387,952	15,306,967	65,561,176	30,665,615
Purchases of goods and services				
Entities under common control of KazMunayGas	1,167,721	926,345	1,627,819	1,495,203
Joint ventures in which the Group is a venturer	76,298,494	62,750,761	163,094,350	148,318,759
Joint ventures in which Parent is a venturer	28,766,108	19,152,985	47,856,436	46,301,745
Entities under common control of Samruk-Kazyna and the Government	753,141	771,245	1,479,423	1,557,699
Joint ventures in which Samruk-Kazyna and the Government are venturers	–	853,330	–	1,950,461
	106,985,464	84,454,666	214,058,028	199,623,867
Fines and penalties				
Joint ventures in which Parent is a venturer	2,338,053	–	2,338,053	–
	2,338,053	–	2,338,053	–
Finance income				
Joint ventures in which the Group is a venturer	3,298,476	3,446,136	6,440,035	6,818,655
	3,298,476	3,446,136	6,440,035	6,818,655
Finance costs				
Joint ventures in which the Group is a venturer	80,536	49,235	159,629	103,802
Joint ventures in which Parent is a venturer	47,190	59,371	103,648	122,264
Entities under common control of Samruk-Kazyna and the Government	1,016,091	1,406,805	2,083,662	2,844,871
Joint ventures in which Samruk-Kazyna and the Government are venturers	821,429	–	1,650,577	–
	1,965,246	1,515,411	3,997,516	3,070,937
Principal balances on transactions with related parties as at 30 June 2021 and 31 December 2020, are as follows:				
<i>In thousands of tenge</i>	30 June 2021 (unaudited)		31 December 2020 (audited)	
Other non-current financial assets				
Joint ventures in which the Group is a venturer			4,846,991	2,445,348
			4,846,991	2,445,348
Trade receivables				
Entities under common control of KazMunayGas			47,214	12,931
Joint ventures in which the Group is a venturer			7,699,651	5,251,022
Joint ventures in which Parent is a venturer			1,127,015	10,079
Entities under common control of Samruk-Kazyna and the Government			676,024	2,986,052
			9,549,904	8,260,084

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

23. RELATED PARTY TRANSACTIONS (continued)

Terms and conditions of transactions with related parties (continued)

<i>In thousands of tenge</i>	30 June 2021 (unaudited)	31 December 2020 (audited)
Loans to related party		
Joint ventures in which the Group is a venturer	175,037,581	172,151,228
	175,037,581	172,151,228
Advances paid		
Entities under common control of KazMunayGas	1,907	1,318
Joint ventures in which Parent is a venture	4,432,249	4,432,249
Entities under common control of Samruk-Kazyna and the Government	371,326	371,736
	4,805,482	4,805,303
Trade and other payables		
Entities under common control of KazMunayGas	431,205	614,933
Joint ventures in which the Group is a venturer	78,303,147	84,446,323
Joint ventures in which Parent is a venture	18,000,232	65,274,174
Entities under common control of Samruk-Kazyna and the Government	1,058,014	2,108,198
	97,792,598	152,443,628
Contract liabilities		
Entities under common control of KazMunayGas	487	143,523
Joint ventures in which Parent is a venturer	863,134	1,111,219
Entities under common control of Samruk-Kazyna and the Government	8,018	5,488
	871,639	1,260,230
Loans		
Entities under common control of Samruk-Kazyna and the Government	41,190,042	45,329,645
	41,190,042	45,329,645
Lease liabilities		
Joint ventures in which Samruk-Kazyna and the Government are venturers	32,061,113	-
	32,061,113	-
Other financial liabilities		
Entities under common control of KazMunayGas	2,713	-
Joint ventures in which the Group is a venturer	5,248,233	6,639,364
Joint ventures in which Parent is a venturer	1,739,053	2,308,665
Entities under common control of Samruk-Kazyna and the Government	33,507	33,001
Joint ventures in which Samruk-Kazyna and the Government are venturers	2,530	47,359
	7,026,036	9,028,389

Lease liabilities

ICA modified its existing lease agreement for Saryarka MG with AstanaGas KMG JSC, previously accounted for a short-term lease. AstanaGas KMG JSC is an entity under the joint control of Samruk-Kazyna. At the date of modification, the present value of the lease liability and right-of-use assets was 32,498,293 thousand tenge with estimated incremental borrowing rate at 11% per annum. As at 30 June 2021, the carrying amount of lease liability is 32,061,113 thousand tenge.

Compensation to key management personnel

Key management personnel comprise members of the Management Board and independent directors of the Company. As at 30 June 2021 and 2020 total amount of compensation to key management was equal to 267,854 thousand tenge and 101,177 thousand tenge, respectively, consisting mainly of salaries and other payments and was included in general and administrative expenses in the statement of comprehensive income.

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

24. COMMITMENTS AND CONTINGENCIES

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

Commitments for capital expenditures

As at 30 June 2021, the Group has capital commitments of approximately 102,932,040 thousand tenge, excluding VAT (31 December 2020: 83,738,131 thousand tenge, excluding VAT), related to acquisition and construction of property, plant and equipment. These capital commitments are partially connected with investment program, described in *Note 1* "Corporate information".

Commitments of AGP and BShP

The Company's share in the commitments for capital expenditures of AGP and BShP is as follow as at 30 June 2021:

<i>In thousands of tenge</i>	AGP	BShP
Acquisition and construction of property, plant and equipment	2,911,947	29,569,586

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments:

The following tables provide the fair value measurement hierarchy of the Group's assets and liabilities:

<i>In thousands of tenge</i>	30 June 2021 (unaudited)				
	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in active markets (Level 1)	Essential observed input data (Level 2)	Essential unobservable input data (Level 3)
Financial assets					
Loans to related party	175,037,581	196,159,159	-	-	196,159,159
Financial liabilities					
Debt securities issued	(309,598,135)	(345,005,367)	(345,005,367)	-	-
Interest bearing loans	(182,588,698)	(181,387,494)	-	(181,387,494)	-

There have been no transfers between Level 1 and Level 2 during the six months ended 30 June 2021.

<i>In thousands of tenge</i>	31 December 2021 (audited)				
	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in active markets (Level 1)	Essential observed input data (Level 2)	Essential unobservable input data (Level 3)
Financial assets					
Interest bearing loans to related party	172,151,228	159,808,893	-	-	159,808,893
Financial liabilities					
Debt securities issued	(304,526,478)	(282,195,749)	(282,195,749)	-	-
Interest bearing loans	(188,297,301)	(184,793,576)	-	(184,793,576)	-

There have been no transfers between Level 1 and Level 2 during 2020.

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

25. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Estimates and assumptions

The management of the Group has determined that the fair value of cash and bank deposits, trade receivables, interest free loans provided to related parties, trade payables, and short-term loans received approximates their carrying amount.

The fair value of the financial assets and liabilities included in the interim condensed consolidated financial statements is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value calculation of quoted bonds was based on price quotations at the reporting date.

The fair values of long-term loans are determined by the DCF method using rates currently available for debt on similar terms, credit risk and remaining maturities.

26. SEGMENT REPORTING

The Group determines its operating segments based on the nature of their operations. The performance of the operating segments is assessed by management on a regular basis.

The following reportable segments within the Group were determined:

- Gas trading – sales of gas within the Republic of Kazakhstan and abroad;
- Transportation and storage of gas – transportation of gas and storage of purchased gas in underground gas storages.

The remaining operating segments (exploration and production of gas and rendering transportation services) have been aggregated and presented as other operating segment due to their insignificance.

Substantially all of the Group's operations and assets are located in the Republic of Kazakhstan.

The following table represents information about revenues and net profit, assets and liabilities of operating segments of the Group for the six months ended 30 June 2021:

<i>In thousands of tenge</i>	Gas trading	Transportation and storage of gas	Other segments	Elimination	Total
Revenue from sales to external customers	395,012,095	54,939,064	755,606	-	450,706,765
Revenue from sales to other segments	7,114,482	64,605,164	12,590,184	(84,309,830)	-
Total revenue	402,126,577	119,544,228	13,345,790	(84,309,830)	450,706,765
Gross profit	75,775,342	49,786,206	5,965,266	1,632,686	133,159,500
Finance income	10,961,361	1,420,183	732,331	(1,672,015)	11,441,860
Finance costs	(15,132,446)	(6,884,969)	(379,280)	1,031,363	(21,365,332)
Depreciation and amortization	(5,959,397)	(12,581,753)	(1,765,264)	-	(20,306,414)
Share in profit of joint ventures	-	156,997,403	61,448	-	157,058,851
Income tax expenses	(9,775,306)	(12,232,067)	(1,104,560)	-	(23,111,933)
Net profit for the period	214,717,425	185,607,375	3,591,088	(150,163,782)	253,752,106
Other segment information					
Investments in joint ventures	-	525,082,509	1,092,203	-	526,174,712
Capital expenditures	4,675,440	34,628,638	2,637,483	(12,169,173)	29,772,388
Allowance for expected credit losses	(5,301,533)	(381,888)	(112,222)	-	(5,795,643)
Allowances for obsolete inventories and advances paid	(184,784)	(1,471,908)	-	-	(1,656,692)
Assets of the segment	1,532,330,474	1,392,600,648	86,013,460	(488,277,723)	2,522,666,859
Liabilities of the segment	666,684,928	254,194,918	15,800,635	(56,328,368)	880,352,113

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

26. SEGMENT REPORTING (continued)

The following represents information about revenue and net profit, and assets and liabilities of operating segments of the Group for the six months ended 30 June 2020:

<i>In thousands of tenge</i>	Gas trading	Transportation and storage of gas	Other segments	Elimination	Total
Revenue from sales to external customers	455,436,272	48,904,959	663,157	-	505,004,388
Revenue from sales to other segments	5,397,310	47,141,571	13,415,077	(65,953,958)	-
Total revenue	460,833,582	96,046,530	14,078,234	(65,953,958)	505,004,388
Gross profit	35,456,904	43,899,121	7,395,887	(2,648,193)	84,103,719
Finance income	10,858,354	1,001,304	218,271	(1,452,740)	10,625,189
Finance costs	(12,480,524)	(4,058,819)	(253,635)	673,093	(16,119,885)
Depreciation and amortization	(6,167,285)	(13,266,941)	(1,686,786)	-	(21,121,012)
Share in profit of joint ventures	-	100,766,290	-	-	100,766,290
Income tax expenses	(3,526,690)	(8,662,358)	(1,538,615)	-	(13,727,663)
Net profit for the period	100,067,672	132,985,779	3,690,302	(88,380,551)	148,363,202
Other segment information					
Investments in joint ventures	-	428,660,505	1,066,966	-	429,727,471
Capital expenditures	10,921,818	72,770,689	4,033,416	-	87,725,923
Allowance for expected credit losses	(4,683,266)	(375,800)	(80,630)	-	(5,139,696)
Allowances for obsolete inventories and advances paid	(195,094)	(1,471,908)	(285,340)	-	(1,952,342)
Assets of the segment	1,399,083,415	1,317,799,737	81,865,077	(488,666,143)	2,310,082,086
Liabilities of the segment	747,751,741	215,440,812	16,849,832	(58,392,914)	921,649,471

Segment performance is evaluated based on both revenues and net profit, which are measured on the same basis as in the consolidated financial statements. Inter-segment transactions were made on terms agreed to between the segments 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.

Eliminations represent the exclusion of intra-group turnovers.

During the six months ended 30 June 2021, the Group generated 52% of its revenues from PetroChina Group (six months ended 30 June 2020: 57%) and 10% from Gazprom Group (six months ended 30 June 2020: 12%).

27. SUBSEQUENT EVENTS

The Group had no significant events after the end of the reporting period.