

**NC QazaqGaz JSC**

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

*As at and for the six months ended 30 June 2022*

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## Report on review of Interim Financial Information

To the Shareholder, Board of Directors and Management of Joint Stock Company “National Company “QazaqGaz”.

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of JSC “National Company “QazaqGaz” and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2022, the related interim consolidated statement of comprehensive income for the six-month period 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 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 JSC "National Company "QazaqGaz" is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

*Ernst & Young LLP*



Adil Syzdykov  
Auditor

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8 August 2022



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

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>In thousands of tenge</i>	Note	30 June 2022 (unaudited)	31 December 2021 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	973,712,690	997,880,307
Exploration and evaluation assets		20,315,686	19,566,926
Right-of-use assets		1,950,619	4,307,761
Intangible assets		5,565,775	6,240,856
Investments in joint ventures	5	772,730,338	687,216,423
Advances paid for non-current assets	6	39,689,605	62,885,829
Loans to related party	7	187,753,863	174,198,768
VAT recoverable	8	77,732,610	51,259,217
Deferred tax assets		814,369	890,484
Other non-current financial assets		2,507,968	2,586,015
Other non-current assets		117,779	535,110
Bank deposits	9	2,962,351	3,216,905
		<b>2,085,853,653</b>	<b>2,010,784,601</b>
<b>Current assets</b>			
Inventories	11	51,862,114	36,224,066
Trade and other receivables	12	393,544,381	190,432,566
Dividends receivable	5	82,713,764	-
Advances paid	6	7,185,907	17,453,918
Loans to related party	7	2,623,344	2,461,648
Prepaid taxes other than income tax	8	35,203,217	35,843,465
Corporate income tax prepaid		13,724,455	4,582,882
Other current assets		932,667	324,435
Bank deposits	9	49,951,217	13,012,956
Cash and cash equivalents	10	403,069,457	382,704,384
		<b>1,040,810,523</b>	<b>683,040,320</b>
Assets held for sale	13	-	40,377,593
		<b>1,040,810,523</b>	<b>723,417,913</b>
<b>Total assets</b>		<b>3,126,664,176</b>	<b>2,734,202,514</b>

*The accompanying notes on pages 6 to 25 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>	<b>Note</b>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	417,780,839	417,780,839
Additional paid-in capital		25,946,130	25,946,130
Foreign currency translation reserve		2,964,421	2,410,861
Retained earnings		1,535,262,277	1,341,498,282
		<b>1,981,953,667</b>	<b>1,787,636,112</b>
<b>Non-current liabilities</b>			
Debt securities issued	15	336,245,935	308,957,063
Interest bearing loans	16	183,131,130	151,609,971
Loans from related parties	17	15,830,892	14,693,646
Employee benefit obligations		480,394	454,433
Provisions	18	55,736,517	92,146,847
Other non-current financial liabilities		4,242,436	4,393,483
Other non-current liabilities		11,649,716	11,564,233
Deferred tax liabilities		83,640,667	79,222,667
		<b>690,957,687</b>	<b>663,042,343</b>
<b>Current liabilities</b>			
Debt securities issued	15	3,834,052	3,527,569
Interest bearing loans	16	21,451,936	20,614,260
Loans from related parties	17	8,396,896	7,164,345
Provisions	18	34,476,118	31,723,046
Trade and other payables	19	348,717,796	180,907,097
Corporate income tax payable		5,809,950	95,443
Taxes payable other than income tax		4,430,514	3,134,294
Contract liabilities		8,974,201	8,569,659
Other current financial liabilities		7,515,420	13,545,937
Other current liabilities		10,145,939	14,242,409
		<b>453,752,822</b>	<b>283,524,059</b>
<b>Total equity and liabilities</b>		<b>3,126,664,176</b>	<b>2,734,202,514</b>

Deputy of Chairman of the Management Board on economics and finance

  
 Akan A.M.

Acting Chief accountant

  
 Bokayev Ye.N.


The accompanying notes on pages 6 to 25 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)	
		2022	2021	2022	2021
Revenue from contracts with customers	20	249,819,093	209,294,185	524,145,986	450,706,765
Cost of sales	21	(190,308,532)	(164,298,461)	(424,645,284)	(317,547,265)
<b>Gross profit</b>		<b>59,510,561</b>	<b>44,995,724</b>	<b>99,500,702</b>	<b>133,159,500</b>
General and administrative expenses	22	(6,946,753)	(7,972,134)	(13,111,459)	(14,128,188)
(Accrual)/reversal of allowance for expected credit losses		(4,204,922)	188,371	(4,369,196)	(751,039)
Other operating income		1,689,856	15,060,541	2,197,558	16,758,403
Other operating expenses		(518,813)	(491,777)	(804,086)	(871,536)
<b>Operating profit</b>		<b>49,529,929</b>	<b>51,780,725</b>	<b>83,413,519</b>	<b>134,167,140</b>
Finance income	23	7,501,363	5,904,837	14,350,437	11,441,860
Finance costs	23	(12,580,420)	(11,564,142)	(23,495,482)	(21,365,332)
Share in income of joint ventures	5	91,531,849	81,451,928	169,267,965	157,058,851
Foreign exchange loss, net		(33,730,936)	(5,423,097)	(25,321,972)	(4,438,480)
<b>Profit before income tax</b>		<b>102,251,785</b>	<b>122,150,251</b>	<b>218,214,467</b>	<b>276,864,039</b>
Income tax expenses	24	(13,280,628)	(12,174,432)	(24,450,472)	(23,111,933)
<b>Net profit for the period after tax</b>		<b>88,971,157</b>	<b>109,975,819</b>	<b>193,763,995</b>	<b>253,752,106</b>
<b>Other comprehensive income</b>		<b>26,985</b>	<b>102,711</b>	<b>553,560</b>	<b>130,025</b>
<b>Comprehensive income to be reclassified to profit and loss in subsequent periods</b>					
Exchange differences on translation of foreign operations		26,985	102,711	553,560	130,025
<b>Total comprehensive income for the period, net of tax</b>		<b>88,998,142</b>	<b>110,078,530</b>	<b>194,317,555</b>	<b>253,882,131</b>
<b>Earnings per share</b>					
Basic and diluted, earnings per share for the period attributable to the parent	14	0.24	0.29	0.52	0.68

Deputy of Chairman of the Management Board on economics and finance

Akan A.M.

Acting Chief accountant

Bokayev Ye.N.



The accompanying notes on pages 6 to 25 are an integral part of these interim condensed consolidated financial statements (unaudited).

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>In thousands of tenge</i>	Note	For the six months ended 30 June (unaudited)	
		2022	2021
<b>Cash flows from operating activities</b>			
Receipts from customers		404,730,853	497,781,737
Interest received		11,324,292	8,933,773
Taxes refund from Tax authorities		23,082	47,598,872
Receipts from suppliers under the arbitration decision		-	134,750,060
Other receipts		14,141,028	1,524,206
Payments to suppliers		(258,028,079)	(465,044,439)
Income tax paid		(23,031,436)	(1,466,715)
Other taxes and payments to the budget and fund		(28,280,046)	(22,362,488)
Interest paid		(18,727,960)	(15,588,848)
Payments to employees		(30,918,582)	(24,153,864)
Other payments		(7,712,528)	(3,690,606)
<b>Net cash flows received from operating activities</b>		<b>63,520,624</b>	<b>158,281,688</b>
<b>Cash flows from investing activities</b>			
Withdrawal of bank deposits		9,476,600	1,365,578
Proceeds from sale of property, plant and equipment and intangible assets		2,330	40,906,459
Dividends received from joint ventures	5	27,058	58,251,774
Other receipts		211,833	-
Investments in joint venture	5	-	(210,139)
Acquisition of long-term financial assets		(673,261)	(673,261)
Placement of bank deposits		(42,488,288)	(4,385,783)
Purchase of property, plant and equipment, intangible assets, and exploration and evaluation assets		(15,744,799)	(29,650,638)
Loans provided to related parties		(9,295,000)	-
Loans repaid by related parties		9,280,158	-
<b>Net cash flows (used in) / received from investing activities</b>		<b>(49,203,369)</b>	<b>65,603,990</b>
<b>Cash flows from financing activities</b>			
Repayments of interest bearing loans and debt securities issued		(14,541,247)	(9,410,457)
Payments on lease obligations		(4,106,849)	(4,217,530)
<b>Net cash flows used in financing activities</b>		<b>(18,648,096)</b>	<b>(13,627,987)</b>
<b>Net foreign exchange difference on cash and cash equivalents</b>		<b>24,695,914</b>	<b>471,570</b>
Net change in cash and cash equivalents		20,365,073	210,729,261
Cash and cash equivalents, at the beginning of the period	10	382,704,384	246,299,557
<b>Cash and cash equivalents, at the end of the period</b>	10	<b>403,069,457</b>	<b>457,028,818</b>

Deputy of Chairman of the Management Board on economics and finance

Akan A.M.

Acting Chief accountant

Bokayev Ye.N.



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**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
<b>At 1 January 2021 (audited)</b>	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
<b>Total comprehensive income for the period</b>	-	-	130,025	253,752,106	253,882,131
<b>At 30 June 2021 (unaudited)</b>	417,780,839	25,946,130	2,158,303	1,196,429,474	1,642,314,746
<b>At 1 January 2022 (audited)</b>	417,780,839	25,946,130	2,410,861	1,341,498,282	1,787,636,112
Net profit for the period	-	-	-	193,763,995	193,763,995
Other comprehensive income for the period	-	-	553,560	-	553,560
<b>Total comprehensive income for the period</b>	-	-	553,560	193,763,995	194,317,555
<b>At 30 June 2022 (unaudited)</b>	417,780,839	25,946,130	2,964,421	1,535,262,277	1,981,953,667

Deputy of Chairman of the Management Board on economics and finance

  
 Akan A.M.

Acting Chief accountant

  
 Bokaev Ye.N.


The accompanying notes on pages 6 to 25 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 six months ended 30 June 2022

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### 1. CORPORATE INFORMATION

The accompanying consolidated financial statements include the financial statements of NC “QazaqGaz” JSC (the “Company” or “QG”) and its subsidiaries (hereinafter collectively referred to as the “Group”).

NC “QazaqGaz” JSC was renamed from NC “KazTransGas” JSC. The company 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 avenue, 12.

As at 31 December 2020 NC KazMunayGas JSC (“KazMunayGas” or “KMG”) was the sole shareholder of QG. 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 were considered as related parties of the Company and the Group. On November 8, 2021, in accordance with the Decree of the Government of the Republic of Kazakhstan "On the Alienation of a Strategic Object", KazMunayGas made a deal to alienate a 100% stake in QG in favor of Samruk-Kazyna. As a result, as at 30 June 2022 Samruk-Kazyna is the sole shareholder of QG, and all subsidiaries of Samruk-Kazyna are considered as related parties of the Company and the Group.

In accordance with the Resolution of the Government of the RK No. 914 dated 5 July 2012, QG was appointed as the national operator in the area of gas and gas supply. 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* (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 of the Ministry of National Economy of the Republic of Kazakhstan

As at 30 June 2022, the Group has commitments in the amount of 228,094,767 thousand tenge under the approved investment programs for 2021-2026 (31 December 2021: 43,712,759 thousand tenge).

The accompanying interim condensed consolidated financial statements were authorized for release by the Deputy of Chairman of Management Board on economics and finance and Acting Chief accountant of the Company on 8 August 2022.

#### 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 Kumyrly 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 2022 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 2021.

#### Subsidiaries

As at 30 June 2022 and 31 December 2021, 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 2022	31 December 2021
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%

#### Investments in joint ventures

As at 30 June 2022 and 31 December 2021, 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 2022	31 December 2021
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%
CCGT Turkestan LLP	Kazakhstan	Construction of power and telecommunications lines and distribution of electricity	50%	–

In 2021, the Company acquired 50% of shares in PVH Development LLP for 80 thousand tenge. The right of ownership is effective from the moment of re-registration. During the six months ended 30 June 2022 the re-registration process was completed and PVH Development LLP was renamed as CCGT Turkestan LLP.

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

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### 2. BASIS OF PREPARATION (continued)

#### 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 2022, the currency exchange rate of KASE was 470.34 tenge to 1 US dollar and 8.98 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 2022 (31 December 2021: 431.8 tenge to 1 US dollar and 5.76 tenge to 1 Russian ruble).

### 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 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

#### *Reference to the Conceptual Framework – Amendments to IFRS 3*

The amendments replace a reference to a previous version of the IASB’s *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

#### *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

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**3. CHANGES IN ACCOUNTING POLICY OF THE GROUP (continued)****New standards, clarifications and amendments to existing standards and clarifications (continued)***IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

*IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

*Amendment to IAS 41 Agriculture - Taxation of Fair Value Measurements*

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

**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
<b>Cost</b>									
<b>At 31 December 2021 (audited)</b>	539,559	47,867,725	97,310,875	723,957,060	362,703,589	24,237,233	9,546,132	46,709,236	1,312,871,409
Additions	12,881	1,888,330	157,430	371,167	272,709	179,947	21,180	32,577,381	35,481,025
Change in estimate (Note 18)	-	(374,498)	-	(39,328,949)	-	-	-	-	(39,703,447)
Transfers	-	536	480,944	3,354,255	2,666,855	20,962	51,367	(6,574,919)	-
Disposals	-	-	(2,864)	(93,615)	(68,652)	-	(29,786)	-	(194,917)
<b>At 30 June 2022 (unaudited)</b>	<b>552,440</b>	<b>49,382,093</b>	<b>97,946,385</b>	<b>688,259,918</b>	<b>365,574,501</b>	<b>24,438,142</b>	<b>9,588,893</b>	<b>72,711,698</b>	<b>1,308,454,070</b>
<b>Accumulated depreciation and impairment</b>									
<b>At 31 December 2021 (audited)</b>	-	(14,489,911)	(23,122,708)	(144,988,162)	(102,297,496)	(19,627,112)	(5,697,106)	(4,768,607)	(314,991,102)
Charge for the period	-	(722,269)	(1,477,719)	(8,976,636)	(7,298,428)	(663,372)	(281,039)	-	(19,419,463)
Accrual of allowance for impairment	-	-	-	-	-	-	-	(451,217)	(451,217)
Transfers	-	(250)	-	(2,597)	4,014	(40)	(1,127)	-	-
Disposals	-	-	2,259	23,716	65,044	-	29,383	-	120,402
<b>At 30 June 2022 (unaudited)</b>	<b>-</b>	<b>(15,212,430)</b>	<b>(24,598,168)</b>	<b>(153,943,679)</b>	<b>(109,526,866)</b>	<b>(20,290,524)</b>	<b>(5,949,889)</b>	<b>(5,219,824)</b>	<b>(334,741,380)</b>
<b>Net book value</b>									
<b>At 31 December 2021 (audited)</b>	539,559	33,377,814	74,188,167	578,968,898	260,406,093	4,610,121	3,849,026	41,940,629	997,880,307
<b>At 30 June 2022 (unaudited)</b>	<b>552,440</b>	<b>34,169,663</b>	<b>73,348,217</b>	<b>534,316,239</b>	<b>256,047,635</b>	<b>4,147,618</b>	<b>3,639,004</b>	<b>67,491,874</b>	<b>973,712,690</b>

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

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

#### Additions

For the six months ended 30 June 2022, additions to construction in progress mainly represent the construction of a main gas pipeline branch with the installation of automated gas distribution stations in the amount of 19,253,552 thousand tenge and construction of a main gas pipeline with a compressor station in the amount of 13,509,587 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.

#### Other

As at 30 June 2022, the cost and related accumulated depreciation of fully depreciated property, plant and equipment still in use amounted to 18,661,731 thousand tenge (31 December 2021: 18,752,085 thousand tenge).

During the six months ended 30 June 2022, the Group capitalized borrowing costs of 611,995 thousand tenge in the carrying amount of property, plant and equipment related to the construction of assets (for the six months ended 30 June 2021: 67,596 thousand tenge).

### 5. INVESTMENTS IN JOINT VENTURES

As at 30 June 2022 and 31 December 2021, the carrying amount of investments in joint ventures were as follows:

<i>In thousands of tenge</i>	AGP	BShP	AG	OG	CCGT Turkestan	Total
<b>31 December 2021 (audited)</b>	504,807,299	181,141,172	1,057,813	210,139	-	687,216,423
Share in profit of joint venture	<b>143,191,635</b>	<b>25,976,437</b>	<b>99,893</b>	-	-	<b>169,267,965</b>
Share in other comprehensive income of joint venture	<b>161,126</b>	-	-	-	-	<b>161,126</b>
Cash contribution	-	-	-	-	80	80
Elimination of unrealized gain	-	(1,174,434)	-	-	-	(1,174,434)
Dividends (Note 25)	(70,949,058)	(11,764,706)	(27,058)	-	-	(82,740,822)
<b>30 June 2022 (unaudited)</b>	<b>577,211,002</b>	<b>194,178,469</b>	<b>1,130,648</b>	<b>210,139</b>	<b>80</b>	<b>772,730,338</b>

In 2021, the Group made a cash contribution in the amount of 210,139 thousand tenge to the authorized capital of OG.

### 6. ADVANCES PAID

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
<b>Advances paid for non-current assets</b>		
Advances paid to third parties	<b>39,959,285</b>	63,155,509
Advances paid to related parties (Note 25)	<b>5,807</b>	5,807
Less: impairment provision	<b>(275,487)</b>	(275,487)
	<b>39,689,605</b>	62,885,829
<b>Advances paid for current assets and services</b>		
Advances paid to third parties	<b>7,175,954</b>	17,449,265
Advances paid to related parties (Note 25)	<b>10,003</b>	4,703
Less: impairment provision	<b>(50)</b>	(50)
	<b>7,185,907</b>	17,453,918

As at 30 June 2022, advances paid for non-current assets to third parties mainly include advances of 36,454,864 thousand tenge for the construction and capital repair of main gas pipelines (2021: 59,450,536 thousand tenge).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (unaudited) (continued)**
**7. LOANS TO RELATED PARTY**

As at 30 June 2022 and 31 December 2021, loans to related party comprised the following:

<i>In thousands of tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
<b>Financial assets at amortized cost</b>		
Interest bearing loans to related party	188,692,109	175,137,014
Plus: interest receivable	2,623,344	2,461,648
Less: provision for expected credit losses	(938,246)	(938,246)
	<b>190,377,207</b>	<b>176,660,416</b>
Less: current portion (Note 25)	(2,623,344)	(2,461,648)
<b>Non-current portion (Note 25)</b>	<b>187,753,863</b>	<b>174,198,768</b>

**8. VAT RECOVERABLE AND PREPAID TAXES OTHER THAN INCOME TAX**

<i>In thousands of tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
VAT recoverable	126,920,157	100,925,924
Property tax	405,428	598,225
Other taxes prepaid	124,439	92,225
	<b>127,450,024</b>	<b>101,616,374</b>
Less: allowance for non-recoverable VAT	(14,514,197)	(14,513,692)
	<b>112,935,827</b>	<b>87,102,682</b>
Non-current portion	77,732,610	51,259,217
Current portion	35,203,217	35,843,465

**9. BANK DEPOSITS**

<i>In thousands of tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
Bank deposits in tenge with maturity over five years	2,966,167	3,230,502
Less: allowance for expected credit losses	(3,816)	(13,597)
<b>Non-current portion</b>	<b>2,962,351</b>	<b>3,216,905</b>
Bank deposits in U.S. dollars with a maturity of three months to one year	49,858,024	12,951,419
Bank deposits in tenge with maturity from three months to one year	93,193	61,537
<b>Current portion</b>	<b>49,951,217</b>	<b>13,012,956</b>

As at 30 June 2022, bank deposits in the amount of 2,966,167 thousand tenge are placed as guarantees for housing loans issued by Halyk Bank of Kazakhstan JSC to the Group's employees and are restricted in use (31 December 2021: 3,230,502 thousand tenge) at a rate of 1% per annum (2021: 1% per annum).

As at 30 June 2022, deposits were placed in banks at interest rates 0.15-1% per annum in US dollars (2021: 0.15-1% per annum) with a maturity of over 3 months up to 1 year.



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

### 10. CASH AND CASH EQUIVALENTS

<i>In thousands of tenge</i>	<b>30 June 2022 (unaudited)</b>	31 December 2021 (audited)
Current accounts in foreign currency	190,163,029	143,929,642
Current accounts in tenge	90,517,848	87,165,169
Shor-term deposits in foreign currency	63,260,828	122,189,302
Shor-term deposits in tenge	58,130,981	29,387,306
Cash in transit	995,870	4,571
Cash on hand	901	28,394
	<b>403,069,457</b>	<b>382,704,384</b>

As at 30 June 2022, short-term deposits were placed in banks at interest rates of 7.25%-12.5% per annum in tenge (31 December 2021: 7.25-8.2%) and 0.13%-0.7% in foreign currency (31 December 2021: 0.13%-0.7%).

As at 30 June 2022, interest rates for cash on the current accounts in banks were 0.1%-1.1% per annum in tenge (31 December 2021: 0.1%) and nil in a foreign currency.

### 11. INVENTORIES

<i>In thousands of tenge</i>	<b>30 June 2022 (unaudited)</b>	31 December 2021 (audited)
Gas inventory (at lower of cost and net realizable value)	47,058,778	33,767,501
Materials and supplies (at lower of cost and net realizable value)	4,803,336	2,456,565
	<b>51,862,114</b>	<b>36,224,066</b>

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. Gas inventories with a value of 2,749,178 thousand tenge are carried at net realizable value, this being lower than cost.

### 12. TRADE AND OTHER RECEIVABLES

<i>In thousands of tenge</i>	<b>30 June 2022 (unaudited)</b>	31 December 2021 (audited)
Trade receivables from third parties	301,181,351	175,100,019
Other receivables from related parties (Note 25)	54,631,794	6,779,321
Trade receivables from related parties (Note 25)	40,438,111	8,483,734
Other receivables from third parties	5,634,929	3,955,850
	<b>401,886,185</b>	<b>194,318,924</b>
Less: allowance for expected credit losses	<b>(8,341,804)</b>	<b>(3,886,358)</b>
	<b>393,544,381</b>	<b>190,432,566</b>

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

<i>In thousands of tenge</i>	<b>Individually impaired</b>
At 31 December 2021 (audited)	(3,886,358)
Charge for the period	(4,630,492)
Foreign currency translation	(76,469)
Recovered	251,515
At 30 June 2022 (unaudited)	<b>(8,341,804)</b>

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

### 12. TRADE AND OTHER RECEIVABLES (continued)

As of 30 June 2022 and 31 December 2021, trade and other receivables are denominated in the following currencies:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
US Dollar	275,861,376	122,162,294
Tenge	117,683,005	68,270,272
	<b>393,544,381</b>	<b>190,432,566</b>

Trade and other receivables are non-interest bearing.

### 13. ASSETS HELD FOR SALE

On 31 May 2022, the Company sold the “Aral” gas compressor station to BShP for the total amount of 42,726,460 thousand tenge. As a result of the sale of this asset, the Group recognized income from the disposal of assets held for sale, including the elimination of unrealized gain of BShP (Note 5), in the amount of 1,174,434 thousand tenge within other operating income.

### 14. EQUITY

<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 2022	312,167,670	1	30,976,655	29,137,200	1,006,717	417,780,839
As at 31 December 2021	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 2022, the Group did not distribute any dividends.

#### Additional information disclosed in accordance with the requirements of the Kazakhstan Stock Exchange (“KASE”)

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
<b>Total assets</b>	<b>3,126,664,176</b>	2,734,202,514
Less: intangible assets	(5,565,775)	(6,240,856)
Less: total liabilities	(1,144,710,509)	(946,566,402)
<b>Net assets for common shares</b>	<b>1,976,387,892</b>	1,781,395,256
Number of common shares	<b>373,288,243</b>	373,288,243
<b>Book value per common share in thousands of tenge</b>	<b>5.295</b>	4.772

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 net income for the period attributable to common shareholders by the weighted average number of shares outstanding during the period.

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

### 14. EQUITY (continued)

#### Earnings per share (continued)

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)	
	2022	2021
Net income attributable to shareholder for basic and diluted earnings per share (in thousands of tenge)	193,763,995	253,752,106
Weighted average number of common shares for basic and diluted earnings per share	373,288,243	373,288,243
<b>Basic and diluted, earnings per share for the period attributable to the parent (in thousands of tenge)</b>	<b>0.52</b>	<b>0.68</b>

### 15. DEBT SECURITIES ISSUED

As at 30 June 2022 and 31 December 2021, debt securities issued comprised the following:

	Issue	Maturity	Interest rate	30 June 2022 (unaudited)		31 December 2021 (audited)	
				US dollars	In thousands of tenge	US dollars	In thousands of tenge
QG bonds	2017	2027	4.375%	706,320,000	332,210,549	706,320,000	304,988,976
KTG Aimak bonds	2015	2025	7.50%	-	5,000,000	-	5,000,000
				706,320,000	337,210,549	706,320,000	309,988,976
Plus: interest payable				-	3,834,052		3,527,569
Less: unamortized transaction costs				-	(200,335)		(219,280)
Less: discount				-	(764,279)		(812,633)
Less: the amount to be repaid within 12 months from the reporting date				-	(3,834,052)		(3,527,569)
<b>Amounts due after 12 months</b>					<b>336,245,935</b>		<b>308,957,063</b>

### 16. INTEREST BEARING LOANS

As at 30 June 2022 and 31 December 2021, interest bearing loans comprised the following:

	30 June 2022 (unaudited)	31 December 2021 (audited)
<i>In thousands of tenge</i>		
Interest bearing loans with floating rate	170,411,239	135,075,172
Interest bearing loans with fixed rate received from a related party	32,329,095	36,428,159
	202,740,334	171,503,331
Plus: interest payable	2,744,400	1,793,347
Less: unamortized transaction costs	(901,668)	(1,072,447)
	204,583,066	172,224,231
Less: amount due for settlement within 12 months from the reporting date	(21,451,936)	(20,614,260)
<b>Amounts due for settlement after 12 months</b>	<b>183,131,130</b>	<b>151,609,971</b>

During the six months ended 30 June 2022 the Group repaid the principal amount of 5,130,790 thousand tenge (equivalent to 906,500 thousand rubles) under the loan agreement with VTB Bank Kazakhstan JSC in full.

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

### 16. INTEREST BEARING LOANS (continued)

#### Covenants

Under the terms of bank loans, the Group is obliged to comply with certain covenants. The Group reviews compliance with loan covenants at each reporting date. Failure to comply with financial covenants gives the lenders the right to demand early repayment of loans. As at 30 June 2022, the Group complies with all covenants.

### 17. LOANS FROM RELATED PARTIES

As of 30 June 2022 and 31 December 2021, loans from a related party included the following:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
Fixed interest rate borrowing	25,975,023	24,109,052
Interest-free borrowing	318,236	318,236
	<b>26,293,259</b>	<b>24,427,288</b>
Plus: interest payable	1,573	255
Less: unamortised discount	(2,067,044)	(2,569,552)
	<b>24,227,788</b>	<b>21,857,991</b>
Less: amount due for settlement within 12 months from the reporting date	(8,396,896)	(7,164,345)
<b>Amounts due after 12 months</b>	<b>15,830,892</b>	<b>14,693,646</b>

### 18. 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
<b>At 31 December 2021 (audited)</b>	31,561,936	3,476,025	88,661,502	81,937	88,493	123,869,893
Arising during the period	-	62,286	-	-	1,108	63,394
Foreign exchange difference	2,817,038	-	-	-	-	2,817,038
Change in estimates (Note 4)	-	(374,498)	(39,328,949)	-	-	(39,703,447)
Unwinding of discount (Note 23)	-	137,395	3,092,328	-	-	3,229,723
Utilised	-	-	-	(63,966)	-	(63,966)
<b>At 30 June 2022 (unaudited)</b>	<b>34,378,974</b>	<b>3,301,208</b>	<b>52,424,881</b>	<b>17,971</b>	<b>89,601</b>	<b>90,212,635</b>
<b>Current provisions as at 30 June 2022 (unaudited)</b>	<b>34,378,974</b>	<b>-</b>	<b>-</b>	<b>17,971</b>	<b>79,173</b>	<b>34,476,118</b>
<b>Non-current provisions as at 30 June 2022 (unaudited)</b>	<b>-</b>	<b>3,301,208</b>	<b>52,424,881</b>	<b>-</b>	<b>10,428</b>	<b>55,736,517</b>
Current provisions as at 31 December 2021 (audited)	31,561,936	-	-	81,937	79,173	31,723,046
Non-current provisions as at 31 December 2021 (audited)	-	3,476,025	88,661,502	-	9,320	92,146,847

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

### 18. PROVISIONS (continued)

#### Provision for pipeline abandonment and site restoration

The Group's subsidiaries ICA and KTG Aimak recorded a provision for future costs of decommissioning of main gas pipelines on a discounted basis in accordance with the Law of the Republic of Kazakhstan "On Main Pipelines". As at 30 June 2022, provision for abandonment of gas pipelines and site restoration of 52,424,881 thousand tenge (31 December 2021: Tenge 88,661,502 thousand) represents the current costs of gas pipeline abandonment and site restoration to be incurred from 2021 to 2088. As at 30 June 2022, the long-term inflation rate and discount rate used to determine the provision were 5.5% and 8.9%, respectively (31 December 2021: 5.5% and 6.97%, respectively).

### 19. TRADE AND OTHER PAYABLES

<i>In thousands of tenge</i>	<b>30 June 2022 (unaudited)</b>	31 December 2021 (audited)
Trade payables due to related parties (Note 25)	278,004,826	149,058,493
Trade payables due to third parties	43,100,990	31,848,604
Other payables due to related parties (Note 25)	16,274,127	-
Other payables due to third parties	11,337,853	-
	<b>348,717,796</b>	<b>180,907,097</b>

Trade and other payables represent amounts due for the purchased gas, assets and services. Trade and other payables are non-interest bearing and usually settled within 30 days.

As of 30 June 2022 and 31 December 2021, trade and other payables are denominated in the following currencies:

<i>In thousands of tenge</i>	<b>30 June 2022 (unaudited)</b>	31 December 2021 (audited)
KZT	329,462,479	164,515,213
USD	17,899,136	13,069,371
RUR	1,339,303	3,308,531
Other	16,878	13,982
	<b>348,717,796</b>	<b>180,907,097</b>

### 20. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In thousands of tenge</i>	Timing of revenue recognition	For the three months ended		For the six months ended	
		30 June (unaudited) 2022	2021	30 June (unaudited) 2022	2021
<b>Type of goods or service</b>					
Revenue from sales of gas	Over time	221,100,168	167,562,675	450,555,432	369,237,879
Revenue from gas transportation services	Over time	25,252,128	39,227,768	66,510,894	75,204,002
Revenue from technical maintenance of gas pipelines	Over time	2,482,273	2,317,022	5,439,894	6,029,972
Other	Over time	984,524	186,720	1,639,766	234,912
		<b>249,819,093</b>	<b>209,294,185</b>	<b>524,145,986</b>	<b>450,706,765</b>
<b>Geographical markets</b>					
China		166,285,649	127,065,152	290,444,770	236,084,524
Kazakhstan		66,503,201	51,932,371	198,196,725	167,166,698
CIS		17,030,243	30,296,662	35,504,491	47,455,543
		<b>249,819,093</b>	<b>209,294,185</b>	<b>524,145,986</b>	<b>450,706,765</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (unaudited) (continued)**
**21. 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)	
	2022	2021	2022	2021
Cost of gas sold	73,717,532	46,811,587	176,610,625	62,898,856
Transportation expenses	70,943,592	76,943,816	154,413,110	170,220,247
Payroll and related contributions	15,391,522	11,300,012	31,734,007	24,319,863
Depreciation and amortization	9,655,911	9,159,686	19,296,297	18,998,584
Expenses related to short-term leases	8,544,428	95,592	17,090,510	188,910
Fuel gas and gas losses	2,678,397	3,331,487	8,248,292	8,906,827
Taxes other than income tax	2,787,660	2,643,636	5,407,534	5,330,711
Billing services	2,371,601	1,823,391	3,079,408	2,378,597
Security	1,095,654	832,576	2,080,122	1,655,005
Repair and maintenance	821,611	921,370	1,580,572	1,604,227
Electricity	296,411	304,613	779,788	869,464
Business trip expenses	470,479	384,306	756,278	675,264
Communication expenses	242,677	306,144	577,340	585,674
Insurance	251,720	219,500	491,046	438,214
Materials and supplies	228,710	110,195	393,264	286,660
Depreciation of the right-of-use assets	–	8,124,572	–	16,249,146
Other	810,627	985,978	2,107,091	1,941,016
	<b>190,308,532</b>	<b>164,298,461</b>	<b>424,645,284</b>	<b>317,547,265</b>

**22. 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)	
	2022	2021	2022	2021
Payroll and related contributions	3,682,074	3,379,847	7,422,240	6,150,000
Taxes other than income tax	777,734	589,586	855,689	1,140,721
Depreciation and amortization	413,338	485,099	846,744	962,857
Depreciation of the right-of-use assets	237,733	544,063	686,332	1,092,142
Repair and maintenance	231,017	1,008,272	544,148	1,329,737
Consulting services	53,677	928,856	453,457	1,479,624
Fines and penalties	411,622	2,135	421,428	7,884
Expenses related to short-term leases and leases of low-value assets	135,089	110,203	270,020	229,726
Office maintenance expenses	105,076	104,617	174,631	181,144
Personnel development and qualification upgrade	56,675	11,191	91,023	18,928
Business trip expenses	56,651	40,345	85,355	85,760
Communication services	29,292	47,879	72,345	94,014
Bank charges	48,292	35,822	59,745	96,389
Security costs	10,258	28,232	32,789	51,616
Insurance expenses	10,713	7,810	20,475	17,580
Festive and cultural events expenses	14,933	–	14,933	–
Other	672,579	648,177	1,060,105	1,190,066
	<b>6,946,753</b>	<b>7,972,134</b>	<b>13,111,459</b>	<b>14,128,188</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (unaudited) (continued)**
**23. 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)	
	2022	2021	2022	2021
<b>Finance income</b>				
Interest income on bank deposits	4,002,366	2,461,840	7,530,316	4,790,848
Interest income on loans to related parties	2,491,705	2,463,176	5,039,432	4,784,406
Amortization of financial guarantee obligations	890,082	835,300	1,649,849	1,655,629
Other	117,210	144,521	130,840	210,977
	<b>7,501,363</b>	<b>5,904,837</b>	<b>14,350,437</b>	<b>11,441,860</b>
<b>Finance costs</b>				
Interest on bank loans and overdrafts	(6,288,145)	(4,030,631)	(11,219,967)	(7,723,841)
Interest on debt securities issued	(3,541,456)	(4,902,928)	(7,135,110)	(8,255,705)
Unwinding of discount on abandonment and site restoration provisions (Note 18)	(1,645,768)	(1,378,374)	(3,229,723)	(2,857,371)
Unwinding of discount on financial liabilities	(340,760)	-	(677,612)	-
Amortization of transaction costs related to interest bearing loans	(76,884)	(43,432)	(170,779)	(86,568)
Interest expense on lease obligations	(53,231)	(908,431)	(149,398)	(1,811,056)
Amortization of discount on debt securities issued	(23,559)	(39,410)	(82,003)	(74,355)
Interest on loans from related party	(623)	-	(1,256)	-
Other	(609,994)	(260,936)	(829,634)	(556,436)
	<b>(12,580,420)</b>	<b>(11,564,142)</b>	<b>(23,495,482)</b>	<b>(21,365,332)</b>

**24. 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)	
	2022	2021	2022	2021
Corporate income tax expense	12,599,174	11,452,558	19,942,894	22,229,372
Deferred income tax expense	938,545	721,874	4,494,115	741,347
Adjustment of prior year income tax	(257,091)	-	13,463	141,214
	<b>13,280,628</b>	<b>12,174,432</b>	<b>24,450,472</b>	<b>23,111,933</b>

**25. 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  
FINANCIAL STATEMENTS (unaudited) (continued)**
**25. RELATED PARTY TRANSACTIONS (continued)**
**Terms and conditions of transactions with related parties (continued)**

Major transactions with related parties are as follows:

<i>In thousands of tenge</i>	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
	2022	2021*	2022	2021*
<b>Sales of goods and services</b>				
Joint ventures in which the Group is a venturer Entities under common control of Samruk-Kazyna and the Government**	62,872,119	2,088,482	74,250,798	48,429,015
Joint ventures in which Samruk-Kazyna and the Government are venturers	9,918,541	9,978,550	25,245,470	24,286,265
	<b>1,075,186</b>	<b>3,931,721</b>	<b>3,539,101</b>	<b>8,837,921</b>
	<b>73,865,846</b>	<b>15,998,753</b>	<b>103,035,369</b>	<b>81,553,201</b>
<b>Purchases of goods and services</b>				
Joint ventures in which the Group is a venturer Entities under common control of Samruk-Kazyna and the Government	66,155,007	76,298,494	146,544,174	163,094,350
Joint ventures in which Samruk-Kazyna and the Government are venturers	3,623,870	1,920,862	7,498,350	3,000,984
	<b>36,234,657</b>	<b>31,669,238</b>	<b>91,342,499</b>	<b>64,894,494</b>
	<b>106,013,534</b>	<b>109,888,594</b>	<b>245,385,023</b>	<b>230,989,828</b>
<b>Reimbursement of gas costs under the arbitration decision ***</b>				
Entities under common control of Samruk-Kazyna and the Government	-	2,796,872	-	16,931,800
	-	2,796,872	-	16,931,800
<b>Fines and penalties under the arbitration decision ***</b>				
Entities under common control of Samruk-Kazyna and the Government	-	2,338,053	-	2,338,053
	-	2,338,053	-	2,338,053
<b>Finance income</b>				
Joint ventures in which the Group is a venturer	3,381,787	3,298,476	6,689,281	6,440,035
	<b>3,381,787</b>	<b>3,298,476</b>	<b>6,689,281</b>	<b>6,440,035</b>
<b>Finance costs</b>				
Joint ventures in which the Group is a venturer Entities under common control of Samruk-Kazyna and the Government	101,278	80,536	198,537	159,629
Joint ventures in which Samruk-Kazyna and the Government are venturers	1,171,279	1,016,091	2,390,570	2,083,662
Other entities controlled by the Government	33,394	868,619	66,420	1,754,225
	<b>8,820</b>	-	<b>8,820</b>	-
	<b>1,314,771</b>	<b>1,965,246</b>	<b>2,664,347</b>	<b>3,997,516</b>

\* Disclosure of information on related party transactions in the table above for the six months of 2021 differs from its presentation in the interim condensed consolidated financial statements for the six months of 2021 due to the disposal by KazMunayGas of a 100% stake in QG in favor of Samruk-Kazyna in November 2021. As a result, transactions with entities under common control of KazMunayGas and joint ventures in which KazMunayGas is a participant were presented in the current financial statements as transactions with entities under the control of Samruk-Kazyna and the Government and joint ventures in which Samruk-Kazyna and the Government are venturers, respectively.

\*\* The disclosure of transactions with related parties controlled or jointly controlled by the Government for the six months of 2021 above differs from the presentation in the interim condensed consolidated financial statements for the six months of 2021 because the Group did not disclose these amounts in the interim condensed consolidated financial statements for the six months of 2021.

\*\*\*Reimbursement of the cost of gas and fines and penalties from a related party under the common control of Samruk-Kazyna refer to the decision of the arbitration court on the dispute over the accuracy of the approach on calculating the contract price under the gas sale and purchase agreement in favor of QG.



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

<i>In thousands of tenge</i>	<b>30 June 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>
<b>Loans to related party (Note 7)</b>		
Joint ventures in which the Group is a venturer	190,377,207	176,660,416
	<b>190,377,207</b>	<b>176,660,416</b>
<b>Trade and other receivables (Note 12)</b>		
Joint ventures in which the Group is a venturer	89,083,125	9,756,762
Entities under common control of Samruk-Kazyna and the Government	5,943,182	5,452,694
Joint ventures in which Samruk-Kazyna and the Government are venturers	43,598	53,599
	<b>95,069,905</b>	<b>15,263,055</b>
<b>Advances paid (Note 6)</b>		
Entities under common control of Samruk-Kazyna and the Government	15,810	10,510
	<b>15,810</b>	<b>10,510</b>
<b>Dividends receivable (Note 5)</b>		
Joint ventures in which the Group is a venturer	82,713,764	-
	<b>82,713,764</b>	<b>-</b>
<b>Trade and other payables (Note 19)</b>		
Joint ventures in which the Group is a venturer	152,370,749	73,978,941
Entities under common control of Samruk-Kazyna and the Government	3,854,788	6,723,801
Joint ventures in which Samruk-Kazyna and the Government are venturers	138,053,416	68,355,751
	<b>294,278,953</b>	<b>149,058,493</b>
<b>Contract liabilities</b>		
Joint ventures in which the Group is a venturer	359,972	359,972
Entities under common control of Samruk-Kazyna and the Government	8,835	5,383
Joint ventures in which Samruk-Kazyna and the Government are venturers	227,365	2,456,295
	<b>596,172</b>	<b>2,821,650</b>
<b>Loans received</b>		
Entities under common control of Samruk-Kazyna and the Government	56,824,786	58,592,812
	<b>56,824,786</b>	<b>58,592,812</b>
<b>Lease liabilities</b>		
Joint ventures in which Samruk-Kazyna and the Government are venturers	-	4,056,603
Other entities controlled by the Government	1,813,086	-
	<b>1,813,086</b>	<b>4,056,603</b>
<b>Other financial liabilities</b>		
Entities under common control of Samruk-Kazyna and the Government	25,993	34,938
Joint ventures in which Samruk-Kazyna and the Government are venturers	1,211,951	1,834,470
	<b>1,237,944</b>	<b>1,869,408</b>
<b>Guarantee liabilities</b>		
Joint ventures in which the Group is a venturer	3,967,659	4,980,194
	<b>3,967,659</b>	<b>4,980,194</b>

As at 30 June 2022, trade and other payables to joint ventures in which Samruk-Kazyna is a venturer, are mainly represented by payables for gas purchased from September 2021 to June 2022. Due to the fact that the contracts for 2021 were terminated and the procedure of negotiating contracts for 2022 has not been completed yet, the Group recognized accounts payable on an accrual basis based on the best estimate of the Group's management.

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

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**25. RELATED PARTY TRANSACTIONS (continued)****Terms and conditions of transactions with related parties (continued)****Compensation to key management personnel**

Key management personnel consist of members of the Management Board and independent director of the Company. During the six months ended 30 June 2022 and 30 June 2021 the total remuneration of key management personnel of 78,697 thousand tenge and 267,854 thousand tenge, respectively, consisted primarily of salaries and other benefits and was included in general and administrative expenses in the statement of comprehensive income.

**26. COMMITMENTS AND CONTINGENCIES**

In addition to the contractual commitments and contingencies disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2021, the following changes occurred during the six months ended 30 June 2022:

**Environmental matters**

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. In accordance with the amendments to the Environmental Code of the Republic of Kazakhstan, which entered into force on July 1, 2022, the management believes that there are possible liabilities that may have an impact on the Group's financial position and results of operations.

At the date of issuance of the interim condensed financial statements, the Group analyses the changes and cannot reliably estimate the amount of additional potential liabilities related to the asset retirement and land recultivation, except for those reflected in these financial statements.

**Taxation***Contingent tax liabilities of BShP*

According to the terms of the intergovernmental agreement between the Republic of Kazakhstan and the People's republic of China on cooperation in the construction and operation of the Kazakhstan-China gas pipeline dated 18 August 2007 (the "Agreement"), as well as the clarifications of the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan dated 30 December 2014, BShP, which was established on the territory of the Republic of Kazakhstan for the purposes of the Project, is exempt from paying value added tax on goods imported into the territory of the Republic of Kazakhstan until the completion of construction. In addition, BShP is exempt from corporate income tax and property tax until the date of repayment of loans obtained for the construction of the "Beineu-Bozoi-Shymkent" gas pipeline.

Management believes that as of 30 June 2022, it correctly interpreted the relevant provisions of legislation, and the probability of retaining the tax preferences mentioned above over the established period is high.

In addition, BShP is carrying out a project to amend the above Agreement, the implementation of which will confirm the current exemption from the above taxes in connection with the refinancing of the initial loan raised for the construction of the Second section of the Kazakhstan-China gas pipeline.

If BShP did not have tax preferences mentioned above related to modification of loan terms, following tax liabilities would have reduced share in income of joint ventures and investments in joint ventures: corporate income tax of 11,185,128 thousand tenge, including fines and penalties of 5,592,564 thousand tenge, property tax of 2,568,511 thousand tenge, and deferred tax liability of 9,345,355 thousand tenge.

**Commitments for capital expenditures**

As at 30 June 2022, the Group had capital expenditure commitments of approximately 139,443,217 thousand tenge, excluding VAT (31 December 2021: 148,819,202 thousand tenge, excluding VAT) related to acquisition and construction of property, plant and equipment. These capital commitments are in part related to the investment program described in *Note 1 "Corporate information"*.

**Unconditional gas purchase obligations to the joint ventures**

As at 30 June 2022, the Group has unconditional purchase obligations of 94,696,121 thousand tenge without VAT to AGP (31 December 2021: 126,291,924 thousand tenge) comprising gas transportation services.

As at 30 June 2022, the Group has unconditional purchase obligations of 318,217,158 thousand tenge without VAT to BShP (31 December 2021: nil) comprising gas transportation services.

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

### 26. COMMITMENTS AND CONTINGENCIES (continued)

#### Capital commitments of AGP and BShP

The Company's share in the commitments for capital expenditures of AGP and BShP related to purchase and construction of property, plant and equipment is as follows:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021 (audited)
AGP	1,808,872	4,042,566
BShP	25,968,611	52,678,558

### 27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The following tables provide a fair value hierarchy for the Group's assets and liabilities and a comparison by carrying amount and fair value of all of the Group's financial instruments:

<i>In thousands of tenge</i>	30 June 2022 (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)
<b>Financial assets</b>					
Interest bearing loans to related party	190,377,207	170,474,410	-	-	170,474,410
<b>Financial liabilities</b>					
Debt securities issued	(340,079,987)	(303,329,545)	(303,329,545)	-	-
Interest bearing loans	(204,583,066)	(201,805,612)	-	(201,805,612)	-
Loans from related party	(23,909,552)	(24,324,554)	-	(24,324,554)	-

<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)
<b>Financial assets</b>					
Interest bearing loans to related party	176,660,416	190,534,947	-	-	190,534,947
<b>Financial liabilities</b>					
Debt securities issued	(312,484,632)	(339,857,062)	(339,857,062)	-	-
Interest bearing loans	(172,224,231)	(169,749,920)	-	(169,749,920)	-
Loans from related party	(21,539,755)	(21,650,082)	-	(21,650,082)	-

#### 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 and other payables, short-term loans received and all other financial instruments approximates their carrying amount mainly due to short-term nature of these instruments.

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

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

### 27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Estimates and assumptions (continued)

The fair value of long-term loans is determined using DCF method using current rates for debt with similar terms, credit risk and remaining maturities.

During the six months ended 30 June 2022, and for the year ended 31 December 2021, there were no transfers between Levels 1 and 2.

### 28. 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.

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 2022:

<i>In thousands of tenge</i>	Gas trading	Transportation and storage of gas	Other segments	Elimination	Total
Revenue from sales to external customers	453,180,289	43,997,874	26,967,823	–	524,145,986
Revenue from sales to other segments	4,901,875	73,484,547	8,684,685	(87,071,107)	–
<b>Total revenue</b>	<b>458,082,164</b>	<b>117,482,421</b>	<b>35,652,508</b>	<b>(87,071,107)</b>	<b>524,145,986</b>
<b>Gross profit</b>	<b>32,044,714</b>	<b>42,314,690</b>	<b>22,988,115</b>	<b>2,153,183</b>	<b>99,500,702</b>
Finance income	16,283,023	1,144,753	890,991	(3,968,330)	14,350,437
Finance costs	(18,084,404)	(5,456,172)	(434,516)	479,610	(23,495,482)
Depreciation and amortization	(5,498,638)	(13,048,825)	(1,595,578)	–	(20,143,041)
Impairment provision of property, plant and equipment	–	(451,217)	–	–	(451,217)
Share in profit of joint ventures	–	169,168,072	99,893	–	169,267,965
Income tax expenses	(11,571,708)	(8,439,230)	(4,439,534)	–	(24,450,472)
<b>Net profit for the period</b>	<b>63,774,632</b>	<b>200,115,264</b>	<b>14,668,102</b>	<b>(84,794,003)</b>	<b>193,763,995</b>
<b>Other segment information</b>					
Investments in joint ventures	–	771,599,690	1,130,648	–	772,730,338
Capital expenditures	1,698,055	35,251,299	2,942,018	(3,581,352)	36,310,020
Allowance for expected credit losses	(7,137,017)	(418,912)	(1,727,937)	–	(9,283,866)
Allowances for obsolete inventories and advances paid	(175,435)	(1,471,908)	(275,537)	–	(1,922,880)
<b>Assets of the segment</b>	<b>1,883,118,431</b>	<b>1,703,898,352</b>	<b>113,965,590</b>	<b>(574,318,197)</b>	<b>3,126,664,176</b>
<b>Liabilities of the segment</b>	<b>989,237,608</b>	<b>241,540,369</b>	<b>25,102,267</b>	<b>(111,169,735)</b>	<b>1,144,710,509</b>

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

### 28. SEGMENT REPORTING (continued)

The following table summarizes revenues and net income for the six months ended 30 June 2021, as well as the assets and liabilities of the Group's operating segments as at 31 December 2021:

<i>In thousands of tenge</i>	<b>Gas trading</b>	<b>Transportation and storage of gas</b>	<b>Other segments</b>	<b>Elimination</b>	<b>Total</b>
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)	-
<b>Total revenue</b>	<b>402,126,577</b>	<b>119,544,228</b>	<b>13,345,790</b>	<b>(84,309,830)</b>	<b>450,706,765</b>
<b>Gross profit</b>	<b>75,775,342</b>	<b>49,786,206</b>	<b>5,965,266</b>	<b>1,632,686</b>	<b>133,159,500</b>
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)
<b>Net profit for the period</b>	<b>214,717,425</b>	<b>185,607,375</b>	<b>3,591,088</b>	<b>(150,163,782)</b>	<b>253,752,106</b>
<b>Other segment information</b>					
Investments in joint ventures	-	685,891,336	1,325,087	-	687,216,423
Capital expenditures	19,807,574	76,036,888	7,823,094	(15,260,703)	88,406,853
Allowance for expected credit losses	(4,396,366)	(385,298)	(42,940)	-	(4,824,604)
Allowances for obsolete inventories and advances paid	(175,181)	(1,471,908)	-	-	(1,647,089)
<b>Assets of the segment</b>	<b>1,573,930,114</b>	<b>1,610,430,682</b>	<b>91,432,815</b>	<b>(541,591,097)</b>	<b>2,734,202,514</b>
<b>Liabilities of the segment</b>	<b>747,897,285</b>	<b>265,104,919</b>	<b>17,147,524</b>	<b>(83,583,326)</b>	<b>946,566,402</b>

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

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 2022, the Group generated 55% of its revenues from PetroChina Group (six months ended 30 June 2021: 52%) and 6% from Gazprom Group (six months ended 30 June 2021: 10%).

### 29. SUBSEQUENT EVENTS

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