KazTransGas JSC

Separate financial statements

For the year ended 31 December 2020,
with independent auditor's report

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Independent auditor's report

To the Shareholder, Board of Directors and Management of KazTransGas JSC

Opinion

We have audited the separate financial statements of KazTransGas JSC (hereinafter, the "Company"), which comprise the separate statement of financial position as at 31 December 2020, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying separate financial statements.

Key audit matter	How our audit addressed the key audit matter
VAT recoverable	
As at 31 December 2020, the Company has a significant balance of VAT recoverable of 156 billion tenge, which mainly originated from loss-making sales of gas on the domestic market. The assessment of recoverability of this asset requires significant judgment and assumptions regarding the future increase in the regulated domestic gas sales prices that will enable the Company to generate profits on domestic sales of gas resulting in VAT payable to be offset against VAT recoverable. Therefore, this matter was one of the matters of most significance in our audit. Information associated with the VAT recoverable balance is disclosed in ***Notes 2 and 9*** to the separate financial statements.	We obtained understanding of the provisions of the Tax code regarding limitations of the period for offsetting VAT recoverable. We analyzed management's plans with respect to measures to be undertaken to increase tariffs for domestic gas sales that will result in positive margin on the domestic gas sales. We considered the Company's correspondence with the Government of the Republic of Kazakhstan regarding the revision to the domestic gas sales price determination methodology to enable positive margin on the domestic sales of gas. We evaluated the consistency of management's plans with the Development Strategy of the Parent.

Other information included in the Company's 2020 Annual Report

Other information consists of the information included in the Company's 2020 Annual Report other than the separate financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2020 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Board of Directors for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Paul Cohn.

Ernst & Young LLP

Paul Cohn
Audit Partner

Albert Asmatulayev
Auditor

Rustamzhan Sattarov
General Director
Ernst and Young LLP

Qualified audit license
No. МФ-0000461 dated 6 February 2017

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

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19 February 2021

SEPARATE STATEMENT OF FINANCIAL POSITION

In thousands of tenge	Notes	As at 31 December 2020	2019
Assets			
Non-current assets			
Property, plant and equipment	4	**6,210,005**	4,497,425
Exploration and evaluation assets		**2,184,762**	2,160,762
Right-of-use assets		**1,551,213**	626,784
Intangible assets		**903,218**	1,424,670
Investment property		**394,274**	5,844,600
Investments in subsidiaries	5	**634,065,766**	422,917,525
Investments in joint ventures	6	**88,832,799**	88,832,799
Advances paid for non-current assets	7	**364,778**	1,735,065
Loans to related parties	8	**173,500,084**	153,713,982
Finance lease receivable		**2,464,645**	–
VAT recoverable	9	**82,298,589**	112,837,190
Other non-current financial assets	10	**8,559,158**	10,971,512
Deferred tax assets	25	**1,043,824**	852,586
Bank deposits		**1,176,020**	1,181,051
		1,003,549,135	807,595,951
Current assets			
Inventories	12	**32,558,007**	49,702,362
Trade and other receivables	13	**158,407,317**	192,366,939
Advances paid	7	**9,617,760**	19,373,855
Loans to related parties	8	**2,897,082**	48,954,842
Finance lease receivable		**4,639**	–
Prepaid taxes other than income tax	9	**60,637,976**	10,029,090
Corporate income tax prepaid	25	**12,036,027**	10,686,516
Other current financial assets	10	**28,538**	225,788
Other current assets		**46,995**	39,949
Bank deposits		**4,999**	5,502
Cash and cash equivalents	11	**118,270,490**	7,365,995
		394,509,830	338,750,838
Total assets		**1,398,058,965**	1,146,346,789

The accounting policies and explanatory notes on pages 6 to 37 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION (continued)

In thousands of tenge	Notes	As at 31 December 2020	2019
Equity and liabilities			
Equity			
Share capital	14	**417,780,839**	192,623,055
Additional paid-in capital	14	**23,470,656**	23,470,656
Retained earnings	14	**337,615,486**	241,285,322
		778,866,981	457,379,033
Non-current liabilities			
Debt securities issued	15	**296,586,939**	286,174,109
Interest bearing loans	16	**84,723,808**	76,150,474
Loans from related party		**–**	10,549,245
Lease liabilities		**517,988**	–
Financial guarantee obligations	17	**6,600,210**	9,442,402
Other non-current financial liabilities		**2,309,257**	1,629,513
		390,738,202	383,945,743
Current liabilities			
Trade payables	18	**216,368,610**	286,690,144
Debt securities issued	15	**3,347,218**	3,312,791
Interest bearing loans	16	**498,829**	291,549
Loans from related party		**–**	183,047
Lease liabilities		**569,108**	–
Financial guarantee obligations	17	**4,561,686**	5,464,064
Taxes payable other than income tax		**335,938**	280,464
Contract liabilities		**2,197**	3,796
Other current financial liabilities		**874,401**	1,610,310
Other current liabilities		**1,895,795**	7,185,848
		228,453,782	305,022,013
Total liabilities		**619,191,984**	688,967,756
Total equity and liabilities		**1,398,058,965**	1,146,346,789

Deputy of Chairman of Management Board on economics and finance — *Zhanasak T.Zh.*

Chief Accountant — *Meldekhanov B.N.*

The accounting policies and explanatory notes on pages 6 to 37 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

In thousands of tenge	Notes	For the year ended 31 December 2020	2019
Revenue from contracts with customers	19	**805,556,978**	919,924,230
Cost of sales	20	**(391,665,758)**	(502,150,868)
Gross profit		**413,891,220**	417,773,362
General and administrative expenses	21	**(12,645,446)**	(23,154,890)
Selling expenses	22	**(409,265,801)**	(358,222,438)
Other operating income		**31,455**	189,584
Other operating expenses		**(556,810)**	(4,913)
Operating (loss)/profit		**(8,545,382)**	36,580,705
Dividend income	23	**139,191,695**	28,531,240
Finance income	24	**20,307,523**	17,910,874
Finance costs	24	**(22,412,752)**	(22,202,028)
Foreign exchange loss, net		**(10,196,559)**	(2,973,790)
Loss on impairment of investment in subsidiaries	5	**(20,829,053)**	(2,064,438)
Profit before income tax		**97,515,472**	55,782,563
Income tax expenses	25	**(115,448)**	(9,377,440)
Net profit for the year		**97,400,024**	46,405,123
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year, net of income tax		**97,400,024**	46,405,123
Earnings per share			
Basic and diluted, earnings per share for the year attributable to the parent company	14	**0.28**	0.13

Deputy of Chairman of Management Board on economics and finance — *Zhanuzak T.Zh.*

Chief Accountant — *Meldekhanov B.N.*

The accounting policies and explanatory notes on pages 6 to 37 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

In thousands of tenge	Notes	For the year ended 31 December 2020	2019
Cash flows from operating activities			
Receipts from customers		**877,841,483**	859,978,578
Taxes refund from Tax authorities		**28,971,706**	20,668,920
Interest received		**10,854,694**	8,332,506
Other receipts		**952,869**	187,745
Payments to suppliers		**(925,526,105)**	(864,104,521)
Income tax paid		**(600,000)**	(21,200,000)
Other taxes and payments		**(7,316,017)**	(11,500,867)
Interest paid	28	**(16,314,232)**	(19,304,041)
Payments to employees		**(2,224,949)**	(2,178,601)
Other payments		**(1,463,455)**	(1,031,085)
Net cash flows used in operating activities		**(34,824,006)**	(30,151,366)
Cash flows from investing activities			
Proceeds from sale of a subsidiary	1	**16,954**	–
Proceeds from sale of property, plant and equipment		**–**	1,432,000
Proceeds from non-current financial assets	10	**2,700,000**	194,848
Withdrawal of bank deposits		**335,125**	751,546
Dividends received from subsidiaries and joint ventures	23	**139,191,695**	28,531,240
Loans repaid by related party	8	**48,132,457**	25,500,000
Withdrawal of subsidiaries' share capital	5	**163,468**	4,000,000
Purchase of non-current financial assets		**(927,702)**	(3,391,870)
Placement of bank deposits		**(293,500)**	(565,040)
Purchase of property, plant and equipment, intangible assets, and exploration and evaluation assets		**(1,874,855)**	(4,527,016)
Loans provided to related parties	8	**(7,497,935)**	–
Investments in subsidiaries	5	**(3,254,083)**	(82,399,719)
Acquisition of a subsidiary, net of cash acquired	1, 5	**(24,894)**	–
Net cash flows received from / (used in) investing activities		**176,666,730**	(30,474,011)
Cash flows from financing activities			
Proceeds from issue of common shares	14	**1,000,151**	-
Proceeds on interest bearing loans	16, 28	**84,621,155**	-
Payments on lease obligations	28	**(594,720)**	(562,620)
Repayments of interest bearing loans and debt securities issued	15, 16, 28	**(102,770,800)**	-
Repayments of loans from related party	28	**(14,881,897)**	(25,321,800)
Other payments on operations with the Shareholder	14	**(1,069,860)**	(5,700,000)
Loan arrangement fee		**(427,622)**	–
Net cash flows used in financing activities		**(34,123,593)**	(31,584,420)
Net foreign exchange difference on cash and cash equivalents		**3,185,364**	(1,528,250)
Net change in cash and cash equivalents		**110,904,495**	(93,738,047)
Cash and cash equivalents, at the beginning of the year		**7,365,995**	101,104,042
Cash and cash equivalents, at the ending of the year	11	**118,270,490**	7,365,995

Deputy of Chairman of Management Board on economics and finance

Zhanuzak T.Zh.

Chief Accountant

Meldekhanov B.N.

The accounting policies and explanatory notes on pages 6 to 37 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

In thousands of tenge	Share capital	Additional paid-in capital	Retained earnings	Total
At 31 December 2018	192,623,055	22,130,836	194,880,199	409,634,090
Net profit for the year	–	–	46,405,123	46,405,123
Total comprehensive income for the year	–	–	46,405,123	46,405,123
Other transactions with the Shareholder *(Note 14)*	–	1,339,820	–	1,339,820
At 31 December 2019	192,623,055	23,470,656	241,285,322	457,379,033
Net profit for the year	–	–	**97,400,024**	**97,400,024**
Total comprehensive income for the year	**–**	**–**	**97,400,024**	**97,400,024**
Common shares issued *(Note 14)*	**225,157,784**	–	**–**	**225,157,784**
Other transactions with the Shareholder *(Note 14)*	–	–	**(1,069,860)**	**(1,069,860)**
At 31 December 2020	**417,780,839**	**23,470,656**	**337,615,486**	**778,866,981**

Deputy of Chairman of Management Board on economics and finance Zhamuzak T.Zh.

Chief Accountant Meldekhanov B.N.

1. CORPORATE INFORMATION (continued)

In 2020 the Company purchased 100% shares of KMG EP RF Holding B.V. for 24,894 thousand tenge (equivalent to 65,773 US dollars) *(Note 5)*. In 2020, KMG EP RF Holding B.V. was renamed to KTG Finance B.V.

In 2020, the Company received 100% interest in equity of KazMunayGas Service-NS JSC from KazMunayGas in exchange for issuing common shares for the total amount of 16,750,283 thousand tenge *(Notes 5, 14)*.

In 2020, the Company sold 100% shares of Intergas Finance B.V. for 16,954 thousand tenge.

On 24 December 2020, according to the Memorandum between the Ministry of Energy of the Republic of Kazakhstan and China National Petroleum Corporation, Otan Gas LLP joint venture was established with 50% participation of the Company and 50% participation of PetroChina Investment Holding B.V. As at 31 December 2020 the charter capital of OG was nil.

The accompanying separate financial statements were authorized for issue by the Deputy of Chairman of Management Board on economics and finance and Chief accountant of the Company on 19 February 2020.

These separate financial statements are issued in addition to the consolidated financial statements of KazTransGas JSC and its subsidiaries. The consolidated financial statements of KTG group were authorized for issue by the Deputy of Chairman of Management Board on economics and finance and Chief accountant of the Company on 19 February 2020.

2. BASIS OF PREPARATION

The accompanying separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by International Accounting Standard Board (IASB).

These separate financial statements have been prepared on a historical cost basis, except for assets and liabilities that were valued at fair value as described in the accounting policies and the notes to these separate financial statements.

All values in these separate financial statements are rounded to the nearest thousands, except when otherwise indicated.

The impact of COVID-19 and the current economic situation have been taken into account in preparing these separate financial statements. The separate financial statements have been prepared based on a going concern basis. To assess this assumption, the Company performed a liquidity forecast based on various stress tests to ensure that it continues to apply the going concern principle in preparing these separate financial statements.

Foreign currency translation

Functional and presentation currency

The separate financial statements are presented in Kazakhstani tenge (tenge), which is the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded at functional currency spot rates prevailing at the date when the transaction meets recognition criteria. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences arising from repayment or restatement of monetary items are stated in the separate statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Gains or losses arising on translation of non-monetary items are recorded in accordance with principles of income or expense recognition as a result of change in the item fair value (i.e. exchange differences on items, fair value gains or losses of which are recognized within other comprehensive income or profit or loss, are also recognized within other comprehensive income or profit or loss, respectively).

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 31 December 2020, the currency exchange rate of KASE was 420.91 tenge to 1 US dollar and 5.62 tenge to 1 Russian ruble. These rates were used for translation of monetary assets and liabilities denominated in US dollar and Russian ruble at 31 December 2020 (2019: denominated in US dollar, which was 382.59 tenge).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Significant accounting judgements, estimates and assumptions

The preparation of the Company's separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities and assets, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Company's accounting policy, management has made the following judgments, which have the most significant effect on the amounts recognised in the separate financial statements:

Taxation

In assessing tax risks, management considers to be probable obligations the known areas of tax positions which the Company would not appeal or does not believe it could successfully appeal, if assessed by tax authorities. Such determinations inherently involve significant judgement and are subject to change as a result of changes in tax laws and regulations, the determination of expected outcomes from pending tax proceedings and the outcome of ongoing compliance audits by tax authorities. Further details regarding tax risks are contained in *Note 27.*

Allowance for VAT recoverable

The Company determines whether VAT receivable is doubtful at least on an annual basis. Allowance for doubtful VAT receivable is based on the management's expectations on future VATable turnovers and VAT refund in cash. Significant management judgement is required to determine whether the Company can further defend its right for VAT refund or offset. Further details are contained in *Note 9.*

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable temporary differences and business nature of such expenses will be proved, as well as the successful implementation of tax planning strategies. Further details are contained in *Note 25.*

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include liquidity risk, credit risk and volatility. Changes in valuations and judgements can affect the fair values of financial instruments.

Allowance for expected credit losses

Management maintains an allowance for expected credit losses resulting from expectations, which based on ability of customers to make required payments. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of investments in subsidiaries and joint ventures

As at each reporting date the Company assesses existence of objective evidence of impairment of investments in subsidiaries. If such evidence exists, the Company calculates the recoverable amount of investments with respect to individually assessed investments. The recoverable amount of investments represents the greater of fair value of investments less selling expenses and value in of use. If the cost of investments exceeds the recoverable amount, investments are treated as impaired and the cost of investments is written down to the recoverable amount. Value in use represents a discounted value of estimated future cash flows calculated using the current market interest rate adjusted for risks applicable to these investments. In calculating the fair value less costs to sell, the Company uses the respective valuation model. These calculations are supported by quoted prices for similar investments or other available indicators of the fair value. Further details are contained in *Notes 5* and *6.*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020, but do not have an impact on the separate financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The list of new and amended standards and interpretations presented below:

- Amendments to IFRS 3 *Business Combinations* named *Definition of a Business*;
- Amendments to IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 *Financial Instruments* named *Interest Rate Benchmark Reform*;
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in accounting Estimates and Errors* named *Definition of Material*;
- Revised version of *Conceptual Framework for Financial Reporting.*

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's separate financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 *Presentation of Financial Statements* named *Classification of Liabilities as Current or Non-current*;
- Amendments to IFRS 3 *Business Combinations* named *Reference to the Conceptual Framework*;
- Amendments to IAS 16 *Property, Plant and Equipment* named *Proceeds before Intended Use*;
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* named *Onerous Contracts – Costs of Fulfilling a Contract*;
- IFRS 1 *First-time Adoption of International Financial Reporting Standards* named *Subsidiary as a First-time Adopter*;
- IFRS 9 *Financial Instruments* named *Fees in the "10 per cent" test for Derecognition of Financial Liabilities*;
- IAS 41 *Agriculture* named *Taxation in Fair Value Measurements.*

The Company does not expect material impact of these standards on the separate financial statements.

COVID-19

On 11 March 2020, the World Health Organization made an official announcement about the pandemic of the new type of coronavirus COVID-19. According to the Decree of the President of the Republic of Kazakhstan dated 15 March 2020 No. 285 on the *Introduction of a State of Emergency in the Republic of Kazakhstan*, in order to ensure security a state of emergency was introduced for the period from 16 March 2020 until 15 April 2020 and later extended until 11 May 2020. Major cities of Kazakhstan, including Almaty and Nur-Sultan fell under a quarantine regime; also, the activities of many enterprises in the two above-mentioned cities were suspended. The COVID-19 pandemic has spread globally, with a sharp negative effect on the entire global economy.

During 2020, there has been significant volatility in the stock, currency and commodity markets, and depreciation of tenge against the major world currencies.

Management will continue to monitor the potential effect of the above events and will take all necessary measures to prevent negative consequences for the business.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification

The Company presents assets and liabilities based on their current and non-current classification in the separate statement of financial position. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 (twelve) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 (twelve) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 (twelve) months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are always classified as non-current assets and liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – market quotations at active market for identical assets or liabilities (without any quotations).
- Level 2 – techniques for which all inputs that relate to the lower hierarchy level which have a significant effect on the fair value are observable, either directly or indirectly.
- Level 3 – techniques for which all inputs that relate to the lower hierarchy level which have a significant effect on the fair value are not observable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are recognised in the accounting records at cost less accumulated depreciation and impairment losses. The initial cost of property, plant and equipment comprises its purchase price, including import duties, non-refundable taxes, costs of loans that relate directly to the construction of long-term projects if they meet the recognition criteria, the cost of replacement of equipment parts and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

The expenditures that have resulted in an increase in the future economic benefits expected to be obtained beyond its originally assessed standard performance (increase of useful life, capacity, etc.) are capitalized as an additional cost of fixed assets. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation of property, plant and equipment is computed on a straight-line basis over the estimated useful lives as follows:

	Years
Buildings and constructions	20-50
Machinery and equipment	3-30
Vehicles	5-20
Other	3-20

Land is not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statement of comprehensive income in the year when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Construction-in-progress represents fixed assets under construction and is stated at cost. This includes cost of construction and equipment and other direct costs. Construction-in-progress is not depreciated until such time as construction of such assets is completed and placed into operational use.

Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are recorded in the separate financial statements at initial cost.

Subsidiaries are all companies controlled by the Company, as a rule, it means the ownership of shares with voting rights more than 50%. Joint ventures are all entities over which the Company has joint control, but not control, generally accompanying a shareholding with voting rights of 50%.

The Company evaluates investments for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered to be impaired and is written down to its recoverable amount.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Company as a lessee (continued)

(a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade and other receivables that do not contain a significant financing component.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost;
- Financial assets at fair value through OCI with recycling of cumulative gains and losses;
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition;
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost

This category is the most relevant and significant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes loans to related parties, bank deposits, trade and other receivables and other financial assets.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, debt securities issued, interest bearing loans and payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are recognized initially at fair value and in the case of debt securities issued, interest bearing loans and trade payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortised cost.

Financial liabilities at amortised cost

This is the category most relevant to the Company. After initial recognition, debts and loans are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the separate statement of profit or loss.

This category generally applies to debts, loans, financial guarantee obligation and other financial liabilities.

<u>Financial guarantee contracts</u>

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of: the best estimate of the expenditure required to settle the present obligation at the reporting date under IAS 37 (before 1 January 2018) or allowance for estimated credit losses calculated according to IFRS 9 (after 1 January 2018), and the amount initially recognised less cumulative amortisation.

<u>Trade payables</u>

Liabilities for accounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised through the separate statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and reported at the net amount in the separate statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company intends to either settle on a net basis, to realise the asset and settle the liability simultaneously.

Inventory

Materials and supplies and raw materials are valued at the lower of cost and net realisable value.

Inventories are accounted for on a first in, first out basis.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's or cash-generating units (CGU) recoverable amount is the higher of fair value of the asset (CGU) less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the relevant valuation model is applied. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash generating units to which individual assets are allocated.

These budgets and forecast calculations are generally covering a period of 5 (five) years. For longer periods, a long-term growth rate is calculated and applied to project future cash flow after the fifth year.

Impairment losses of continuing operations are recognised in separate the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the separate statement of comprehensive income.

Cash and short-term deposits

Cash and cash equivalents in the separate statement of financial position comprise cash at banks and on hand, and short-term deposits with a maturity of 3 (three) months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised in the separate financial statements when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Share capital and dividends

Share capital is recognized at cost and is comprised of common shares. Dividends on common are recognized in the shareholder's equity as a reduction in the period in which they are declared. Dividends on the common shares are payable at the discretion of the Shareholder. Dividends that are declared after the reporting date are treated as a subsequent event under IAS 10 *Events after the Reporting Date* and disclosed accordingly.

Revenue from contracts with customers and expense recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recorded net of indirect taxes. The following specific recognition criteria must also be met before revenue is recognised:

Sales of goods

Revenues from sales of goods are recognised when the significant risks and rewards of ownership of goods have passed to the buyer and generally include one performance obligation. Revenues from sales of goods are recognised over time.

Management fee

The Company recognises management fee, which is related to management of KazMunayGas's joint venture, KazRosGas LLP, at point in time based on the approval of the declaration of dividends of KazRosGas LLP.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale, interest income is recorded using the EIR, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

The interest income is recorded as part of finance income in the separate statement of comprehensive income.

Dividends

Dividend income is recognized when the Company's right to distribution is established, which, as a rule, happens when the shareholders approve the dividends.

Expenses

Expenses are accounted for at the time the actual flow of the related goods or services occur, regardless of when cash or its equivalent is paid, and are reported in the financial statements in the period to which they relate.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the separate statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in the separate statement of comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax (VAT)

Tax authorities allow repaying input VAT and output VAT on a net basis. Thus, VAT recoverable represents VAT on purchases net of VAT on sales.

VAT payable

VAT is payable to tax authorities upon collection of receivables from customers. VAT on purchases, which have been settled at the reporting date, is deducted from the amount payable.

Where an allowance has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT. The related VAT liability is maintained until the debtor is written off for tax purposes.

VAT recoverable

VAT recoverable is recorded in the accounting records related to purchased goods, work and services, which were purchased with VAT and if they were used in order to derive income.

At each reporting date, the VAT recoverable is subject to offset against the VAT payable amount.

Contingent assets and liabilities

Contingent assets are not recognized in the separate financial statements. When the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Contingent liabilities are not recognized in the separate financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The results of post-year-end events that provide additional information on the Company's financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

4. PROPERTY, PLANT AND EQUIPMENT

In thousands of tenge	Equipment	Other	Construction in progress	Total
Cost				
31 December 2018	84,165	911,904	1,788,965	2,785,034
Additions	367,298	8,274	2,875,655	3,251,227
Transfers	822,678	–	(822,678)	–
Disposals	(7,382)	(203,113)	–	(210,495)
31 December 2019	1,266,759	717,065	3,841,942	5,825,766
Additions	**–**	**–**	**2,446,942**	**2,446,942**
Disposals	**–**	**–**	**(475,000)**	**(475,000)**
31 December 2020	**1,266,759**	**717,065**	**5,813,884**	**7,797,708**
Accumulated depreciation and impairment				
31 December 2018	(49,785)	(760,430)	(546,692)	(1,356,907)
Charge for the year	(118,403)	(58,613)	–	(177,016)
Disposals	7,382	198,200	–	205,582
31 December 2019	(160,806)	(620,843)	(546,692)	(1,328,341)
Charge for the year	**(235,080)**	**(24,282)**	**–**	**(259,362)**
31 December 2020	**(395,886)**	**(645,125)**	**(546,692)**	**(1,587,703)**
Net book value				
31 December 2019	1,105,953	96,222	3,295,250	4,497,425
31 December 2020	**870,873**	**71,940**	**5,267,192**	**6,210,005**

Construction in progress

Additions

In 2020, additions to construction-in-progress are related to expenditures on complex works of dispatching an automated system for data collection and gas metering of 2,446,942 thousand tenge.

5. INVESTMENTS IN SUBSIDIARIES

As at 31 December, investments in subsidiaries comprised the following:

In thousands of tenge	2020	2019
Intergas Central Asia JSC	**396,170,646**	187,995,938
KazTransGas Aimak JSC	**201,609,616**	199,694,951
Amangeldy Gas LLP	**24,028,786**	22,974,930
KazMunayGas Service-NS JSC	**16,750,283**	–
KazTransGas Onimderi LLP	**13,397,351**	13,397,351
KMG Kansu Operating LLP	**6,456,145**	5,969,716
KTG Finance B.V.	**3,592,341**	–
KazTransGas – Bishkek LLC	**43,304**	43,304
Intergas Finance B.V.	**–**	808,353
Less: allowance for impairment of investments in subsidiaries	**(27,982,706)**	(7,967,018)
	634,065,766	422,917,525

5. INVESTMENTS IN SUBSIDIARIES (continued)

Additions

In 2020, the Company issued 20,740,735 common shares, with the par value of 10,000 tenge each, for the amount of 207,407,350 thousand tenge to KMG in exchange for preference shares issued by ICA *(Note 14)*.

In 2020, the Company received 100% interest in equity of KMG Service-NS from KMG in exchange for issuing common shares for the total amount of 16,750,283 thousand tenge *(Notes 1, 14)*.

In 2020 the Company purchased 100% shares of KTG Finance for 24,894 thousand tenge *(Note 1)*.

In 2020, the Company recognized respective discount of 3,403,979 thousand tenge on interest-free loans provided to KTG Finance *(Note 8)*.

In 2020, the Company made investments in kind of cash contributions for the total amount of 3,254,083 thousand tenge in the subsidiaries such as KTG Aimak, KMG Kansu, KTG Finance and Amangeldy Gas (2019: 82,399,719 thousand tenge in ICA, KTG Aimak, KMG Kansu and Intergas Finance).

In 2020, the Company recognized investments in kind of financial guarantees provided for the total amount of 1,131,693 thousand tenge in the subsidiaries such as ICA and KTG Aimak (2019: 790,457 thousand tenge).

Disposal

In 2020, investments were decreased by withdrawal of Intergas Finance's share capital of 163,468 thousand tenge (2019: 4,000,000 thousand tenge from KTG Onimderi).

In 2020, the Company sold 100% shares of Intergas Finance. At the date of disposal, the amount of investments in Intergas Finance was fully impaired since prior years, so historical amount of investment and respective impairment reserve for 644,855 thousand tenge were written off from the balance sheet.

Impairment

In 2020, the Company recognized impairment loss of investments in KMG Kansu, KMG Service-NS and KTG Finance for the total amount of 20,829,053 thousand tenge (2019: 2,064,438 thousands tenge of investments in KMG Kansu and Intergas Finance).

6. INVESTMENTS IN JOINT VENTURES

As at 31 December, investments in joint ventures comprised the following:

In thousands of tenge	**2020**	2019
Beineu-Shymkent Gas Pipeline LLP	**88,232,799**	88,232,799
Asia Gas Pipeline LLP	**600,000**	600,000
	88,832,799	88,832,799

7. ADVANCES PAID

In thousands of tenge	**2020**	2019
Advances paid for non-current assets		
Advances paid to related parties *(Note 26)*	**364,778**	1,735,065
	364,778	1,735,065
Advances paid for current assets and services		
Advances paid to third parties	**5,185,198**	14,053,890
Advances paid to related parties *(Note 26)*	**4,432,562**	5,319,965
	9,617,760	19,373,855

8. LOANS TO RELATED PARTIES

As at 31 December, loans to related parties comprised the following:

In thousands of tenge	2020	2019
Financial assets at amortized cost		
Interest bearing loans to related party	**170,690,327**	154,652,228
Interest-free loans to related parties	**7,497,935**	–
Financial assets at fair value through profit or loss		
Interest-free loans to related party	**–**	46,781,119
Plus: interest receivable	**2,399,147**	2,173,723
Less: discount	**(3,251,997)**	–
Less: impairment	**(938,246)**	(938,246)
	176,397,166	202,668,824
Less: current portion *(Note 26)*	**(2,897,082)**	(48,954,842)
Non-current portion *(Note 26)*	**173,500,084**	153,713,982

Interest bearing loans

In September 2017, the Company provided a loan to BShP of 133,716,000 thousand tenge (equivalent to: 400,000 thousand US dollars) with the interest rate of 5.5% per annum for partial early repayment of the bank loan obtained by BShP under the loan agreement with China Development Bank, Bank of China Limited and Bank of China (Hong Kong) Limited. The maturity date of the loan is 31 August 2029.

Interest-free loans

BShP

In 2020, BShP fully repaid principal under the loan agreement of 48,132,457 thousand tenge (2019: 25,500,000 thousand tenge).

KTG Finance

In 2020, the Company provided interest-free loan of 7,000,000 thousand tenge to KTG Finance with maturity date of 31 December 2025. The loan was recognised on initial recognition at fair value determined by discounting future cash flows on the loan at the prevailing interest market rate of 13.3%. Respective discount of 3,403,979 thousand tenge was recorded as an investment in KTG Finance *(Note 5)*.

Other

In 2020, the Company provided short-term interest-free loans for the total amount of 497,935 thousand tenge to KTG Aimak and KMG Service-NS.

9. VAT RECOVERABLE AND PREPAID TAXES OTHER THAN INCOME TAX

As at 31 December, VAT recoverable and prepaid taxes other than income tax comprised the following:

In thousands of tenge	2020	2019
VAT recoverable	**156,203,756**	136,803,761
Withholding tax	**663,913**	–
Other taxes prepaid	**35,467**	29,090
	156,903,136	136,832,851
Less: allowance for non-recoverable VAT	**(13,966,571)**	(13,966,571)
	142,936,565	122,866,280
Non-current portion	**82,298,589**	112,837,190
Current portion	**60,637,976**	10,029,090

9. VAT RECOVERABLE AND PREPAID TAXES OTHER THAN INCOME TAX (continued)

As of 31 December 2020, the Company has 156,203,756 thousand tenge of VAT recoverable, including VAT recoverable originating from domestic loss-making sales of gas. With respect to such VAT on loss making domestic sales of gas, the Company is working with the Government of the Republic of Kazakhstan to secure an increase in the regulated tariffs for domestic sales of gas to ensure VAT output is sufficient to offset input VAT in the future. As the Tax Code of the Republic of Kazakhstan does not impose limits with respect to the time period to recover input VAT, the Company expects to recover input VAT on domestic sales of gas in full.

10. OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

In thousands of tenge	Currency	Issue	Maturity	Interest rate	2020	2019
Financial assets at amortized cost						
KTG Aimak bonds	KZT	2016	2025	7.5%	**10,654,281**	10,654,281
Amangeldy Gas bonds	KZT	2017	2022	10%	**–**	2,700,000
					10,654,281	13,354,281
Plus: interest receivable					**28,538**	225,788
Less: discount					**(2,095,123)**	(2,382,769)
					8,587,696	11,197,300
Less: current portion					**(28,538)**	(225,788)
Non-current portion					**8,559,158**	10,971,512

Amangeldy Gas

In April 2017, the Company purchased 2,700,000 coupon bonds of Amangeldy Gas placed on KASE at par value of 1,000 tenge each bearing 10% per annum with a coupon payment on 7 April each year till 7 April 2022. The purchase price for these bonds was equal to 2,700,000 thousand tenge. In 2020, Amangeldy Gas fully redeemed bonds.

KTG Aimak

In 2016, the Company purchased 10,654,281 coupon bonds of KTG Aimak placed on KASE at par value of 1,000 tenge each bearing 7.5% per annum with a coupon payment on 18 June and 18 December each year till 18 December 2025 inclusive. The purchase price for these bonds was equal to 7,798,252 thousand tenge. As at 31 December 2020, the carrying amount of bonds was equal to 8,587,696 thousand tenge (2019: 8,300,050 thousand tenge) *(Note 26)*.

11. CASH AND CASH EQUIVALENTS

As at 31 December, cash and cash equivalents comprised the following:

In thousands of tenge	2020	2019
US dollar bank accounts	**117,916,231**	4,744,442
Tenge bank accounts	**336,047**	411,815
Deposits in tenge	**–**	2,203,469
Cash in transit	**13,679**	1,506
Cash on hand	**4,533**	4,763
	118,270,490	7,365,995

As at 31 December 2020 and 2019, cash on the current accounts is non-interest bearing.

12. INVENTORIES

As at 31 December 2020, inventory represents natural gas of 32,558,007 thousand tenge (2019: 49,702,362 thousand tenge).

13. TRADE AND OTHER RECEIVABLES

As at 31 December, trade and other receivables comprised the following:

In thousands of tenge	2020	2019
Trade receivables from third parties	**100,205,745**	137,130,123
Trade receivables from related parties *(Note 26)*	**58,201,572**	57,027,771
Other receivables	**–**	591
	158,407,317	194,158,485
Less: allowance for expected credit losses	**–**	(1,791,546)
	158,407,317	192,366,939

As at 31 December, trade receivables are denominated in following currencies:

In thousands of tenge	2020	2019
USD	**89,963,137**	127,987,397
KZT	**68,444,180**	64,379,542
	158,407,317	192,366,939

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

In thousands of tenge	2020	2019
As at 1 January	**(1,791,546)**	(1,805,740)
Foreign currency translation	**(106,455)**	14,194
Write-off	**1,898,001**	–
As at 31 December	**–**	(1,791,546)

Below is the information about the credit risk exposure on the Company's trade and other receivables using a provision matrix:

			Days past due				
In thousands of tenge	Total	Current	<30 days	30-60 days	60-90 days	90-120 days	>120 days
31 December 2020							
ECL rate	**0%**	**0%**	–	**0%**	–	–	**0%**
Estimated total gross carrying amount at default	**158,407,317**	**157,138,893**	–	**1,061,191**	–	–	**207,233**
ECL	–	–	–	–	–	–	–
31 December 2019							
ECL rate	0.92%	0%	–	–	–	–	100%
Estimated total gross carrying amount at default	194,158,485	192,366,939	–	–	–	–	1,791,546
ECL	(1,791,546)	–	–	–	–	–	(1,791,546)

Trade and other receivables are non-interest bearing.

14. EQUITY

Share capital

	Common shares outstanding (number of shares)					Total share capital, in thousands of tenge
In thousands of tenge	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 of 31 December 2020	**312,167,670**	**1**	**30,976,655**	**29,137,200**	**1,006,717**	**417,780,839**
As of 31 December 2019	312,167,670	1	30,976,655	8,396,465	–	192,623,055

14. EQUITY (continued)

Share capital (continued)

Common shares give the holder 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. The Company did not distribute any dividends in 2020 and 2019.

In 2020, the Company issued 20,740,735 common shares, with the par value of 10,000 tenge each, for the total amount of 207,407,350 thousand tenge to KMG in exchange for preference shares issued by ICA, and the preference shares were converted to common shares.

In 2020, the Company issued 1,006,717 common shares with the par value of 17,632 tenge each for the total amount of 17,750,434 thousand tenge in exchange for contribution of 100% shares of KMGS-NS with the total fair value of 16,750,283 thousand tenge at the date of contribution and cash of 1,000,151 thousand tenge.

Book value per share

In thousands tenge	**2020**	2019
Total assets	**1,398,058,965**	1,146,346,789
Less: intangible assets	**(903,218)**	(1,424,670)
Less: total liabilities	**(619,191,984)**	(688,967,756)
Net assets for common shares	**777,963,763**	455,954,363
Number of common shares	**373,288,243**	351,540,791
Book value per common share in thousands of tenge	**2.1**	1.3

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 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:

In thousands tenge	**2020**	2019
Net income attributable to shareholder for basic and diluted earnings per share	**97,400,024**	46,405,123
Average number of common shares for basic and diluted earnings per share	**353,856,437**	351,540,791
Basic and diluted, earnings per share for the period attributable to the parent (in thousands of tenge)	**0.28**	0.13

Additional paid-in capital

In 2019, the Company recognised additional paid-in capital with respect to discount on loan provided by KazMunayGas of 1,339,820 thousand tenge (2020: nil).

Retained earnings

Construction of social facility

In accordance with the order of the President of the Republic of Kazakhstan dated 29 September 2018 and based on the decision of the Government of the Republic of Kazakhstan dated 20 December 2018, in 2020 the Company recognized provision of 1,069,860 thousand tenge related to future financing of the construction of social facility in the city of Turkestan under the social economic development of Turkestan region. The provision was recorded as other transactions with the Shareholder through retained earnings.

During 2020, the Company transferred cash to finance the construction of the social facility for the total amount of 1,069,860 thousand tenge (2019: 5,700,000 thousand tenge).

15. DEBT SECURITIES ISSUED

As at 31 December, the debt securities issued comprised:

In thousands of tenge	Issue	Maturity	Interest rate	2020 US dollar	2020 In thousands of tenge	2019 US dollar	2019 In thousands of tenge
Nominal value	2017	2027	4.375%	**706,320,000**	**297,297,151**	750,000,000	286,942,500
				706,320,000	**297,297,151**	750,000,000	286,942,500
Plus: interest payable					**3,347,218**		3,312,791
Less: discount					**(452,729)**		(472,600)
Less: unamortised transaction costs					**(257,483)**		(295,791)
Less: amount due for settlement within 12 months from the reporting date					**(3,347,218)**		(3,312,791)
Amounts due for settlement after 12 months					**296,586,939**		286,174,109

In 2020, the Company early redeemed partially Eurobonds for the total amount of 43,680 thousand USD (equivalent to 17,816,800 thousand tenge). Respective discount on redemption of 927,194 thousand tenge was recognised as finance income *(Note 24)*.

16. INTEREST BEARING LOANS

As at 31 December, interest-bearing loans comprised the following:

In thousands of tenge	Maturity	Interest rate	2020	2019
VTB Bank Kazakhstan and VTB Bank (PJSC)	2023	KR CBR + 2.15%	**85,151,430**	–
The Corporate and Investment Banking Division of Société Générale	2021	3m LIBOR + 1.35%	**–**	76,518,000
			85,151,430	76,518,000
Plus: interest payable			**498,829**	291,549
Less: unamortised transaction costs			**(427,622)**	(367,526)
Less: amount due for settlement within 12 months from the reporting date			**(498,829)**	(291,549)
Amounts due for settlement after 12 months			**84,723,808**	76,150,474

VTB Bank Kazakhstan and VTB Bank (PJSC)

In accordance with the loan agreements dated 16 November 2020, in 2020, the Company received a loan from VTB Bank Kazakhstan and VTB Bank (PJSC) for the total amount of 84,621,155 thousand tenge (equivalent to 15,151,500 thousand Russian rubbles) for refinancing the current loan from the Corporate and Investment Banking Division of Société Générale at the rate of Key Rate of Central Bank of Russia (KR CBR) + 2.15% per annum. This loan is repayable on 16 November 2023.

As at 31 December 2020, the Company has total principal payable to VTB Bank Kazakhstan and VTB Bank (PJSC) under the above loan agreements of 85,151,430 thousand tenge (2019: nil).

The Corporate and Investment Banking Division of Société Générale

In accordance with the loan agreement dated 16 April 2018, on 17 May 2018, the Company received a loan from the Corporate and Investment Banking Division of Société Générale of 65,832,000 thousand tenge (equivalent to 200,000 thousand US dollars) for partial financing of the project "Construction of three compressor stations at MG "Beineu-Bozoi-Shymkent" at the rate of 3 months LIBOR + 1.35% per annum.

In 2020, the Company fully repaid principal under the loan agreement of 84,954,000 thousand tenge (equivalent to 200,000 thousand US dollars).

17. FINANCIAL GUARANTEE OBLIGATIONS

Movements of financial guarantee obligations were as follows:

In thousands of tenge	2020	2019
As at 1 January	**14,906,466**	7,675,120
Guarantees provided during the year for subsidiaries and joint ventures *(Note 5)*	**1,131,693**	11,952,166
Amortization of obligations on guarantees issued, net *(Note 24)*	**(5,885,393)**	(4,618,327)
Foreign currency translation	**1,009,130**	(102,493)
At 31 December	**11,161,896**	14,906,466
Current portion	**4,561,686**	5,464,064
Non-current portion	**6,600,210**	9,442,402

Guarantee obligations represent the obligations of the Company on guarantees issued to financial institutions related to financing of operational and investing activities of its subsidiaries and joint ventures. All the guarantee agreements are issued at no cost to KTG.

18. TRADE PAYABLES

As at 31 December, trade payables comprised the following:

In thousands of tenge	2020	2019
Due to related parties *(Note 26)*	**177,229,718**	216,097,539
Due to third parties	**39,138,892**	70,592,605
	216,368,610	286,690,144

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

As at 31 December, trade payables are denominated in following currencies:

In thousands of tenge	2020	2019
KZT	**182,474,670**	268,350,858
USD	**20,874,315**	11,773,113
RUR	**13,019,441**	6,506,771
Other	**184**	59,402
	216,368,610	286,690,144

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

In thousands of tenge	Timing of revenue recognition	2020	2019
Revenue from sales of gas for export	Over time	**580,963,245**	674,099,091
Revenue from sales of gas at the domestic market	Over time	**211,062,185**	201,725,164
Management fee	At a point in time	**13,531,548**	–
Revenue from organisation of transportation services	Over time	**–**	44,099,975
		805,556,978	919,924,230
Geographical markets			
China		**531,652,102**	583,227,670
Kazakhstan		**224,593,733**	201,725,164
CIS		**49,311,143**	134,971,396
		805,556,978	919,924,230

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

20. COST OF SALES

In 2020, the Company sold 23,943,882 thousand of cubic meters of natural gas (2019: 23,926,404 thousand of cubic meters).

21. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of tenge	**2020**	2019
Payroll and related contributions	**3,178,460**	3,218,794
Short-term employee benefits under finance lease	**3,009,833**	–
Taxes other than income tax	**1,877,237**	5,874,003
Repair and maintenance	**1,500,347**	1,307,496
Depreciation and amortization	**876,111**	796,801
Depreciation of the right-of-use assets	**745,997**	532,916
Consulting services	**711,537**	1,144,547
Expense relating to short-term leases and leases of low-value assets	**158,951**	174,557
Festive and cultural events expenses	**114,482**	–
Office maintenance expenses	**73,076**	31,357
Business trip expenses	**34,815**	165,927
Personnel development and qualification upgrade	**19,723**	60,420
Communication services	**15,485**	16,327
Bank charges	**13,912**	14,044
Security costs	**7,178**	6,935
Impairment of VAT recoverable	**–**	9,443,622
Other	**308,302**	367,144
	12,645,446	23,154,890

22. SELLING EXPENSES

In thousands of tenge	**2020**	2019
Transportation services	**404,006,888**	351,401,499
Storage of gas	**5,257,433**	6,818,745
Other	**1,480**	2,194
	409,265,801	358,222,438

23. DIVIDEND INCOME

In 2020, the Company recognised dividend income of 139,191,695 thousand tenge (2019: 28,531,240 thousand tenge), which was declared for distribution by ICA of 85,370,847 thousand tenge (2019: 16,260,702 thousand tenge) and AGP of 53,820,848 thousand tenge (2019: nil)

In 2019 dividend income was recognised from KTG Aimak in the amount of 11,836,735 thousand tenge (2020: nil) and KTG Onimderi of 433,803 thousand tenge (2020: nil).

In 2020 and 2019 dividends receivable were fully paid in cash *(Note 26)*.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

24. FINANCE INCOME AND FINANCE COSTS

In thousands of tenge	**2020**	2019
Finance income		
Interest income on loans to related parties	**9,566,961**	8,698,567
Amortization of financial guarantee obligations *(Note 17)*	**6,606,052**	5,284,918
Fair value gain on financial instruments at fair value through profit or loss	**1,351,338**	888,904
Interest income on financial assets	**1,033,071**	1,070,345
Discount on redemption of debt securities issued *(Note 15)*	**927,194**	–
Discount on financial liabilities	**–**	902,343
Interest income on bank deposits	**328,611**	814,733
Amortization of discount of financial assets	**287,646**	251,064
Amortization of discount on loans to related party	**151,982**	–
Other	**54,668**	–
	20,307,523	17,910,874
Finance costs		
Interest on debt securities issued	**(13,049,967)**	(13,630,010)
Unwinding of discount on loans from related party	**(4,332,652)**	(2,327,352)
Interest on bank loans	**(2,241,990)**	(2,918,951)
Unwinding of discount on financial guarantee obligations *(Note 17)*	**(720,659)**	(666,591)
Recognition of fair value of put-option obligation	**(679,744)**	–
Interest on loans from related party	**(399,992)**	(1,770,740)
Amortization of transaction costs related to loan arrangement	**(367,526)**	(237,929)
Fees and commissions on loans	**(250,886)**	(221,888)
Unwinding of discount on debt securities issued	**(66,497)**	(61,173)
Interest expense on lease obligations	**(11,390)**	(64,164)
Other	**(291,449)**	(303,230)
	(22,412,752)	(22,202,028)

25. INCOME TAX EXPENSES

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

In thousands of tenge	**2020**	2019
Current income tax expense	**–**	15,407,569
Deferred income tax benefit	**(191,238)**	(6,806,864)
Adjustment of prior year income tax	**306,686**	776,735
Income tax expenses	**115,448**	9,377,440

25. INCOME TAX EXPENSES (continued)

A reconciliation of corporate income tax expenses applicable to profit before taxation at the official income tax rate, with the current income tax expense for the years ended 31 December is out below:

In thousands of tenge	2020	2019
Profit before income tax	**97,515,472**	55,782,563
Statutory tax rate	**20%**	20%
Theoretical income tax expense	**19,503,094**	11,156,513
Tax effect of permanent differences		
Loss on impairment of investments in subsidiaries	**4,132,115**	412,888
Non-deductible foreign exchange differences, net	**1,975,284**	55,283
Unwinding of discount on loans from related party and debt securities issued	**879,830**	477,705
Short-term employee benefits under finance lease	**601,967**	–
Non-deductible expenses related to transfer of free of charge assets	**545,094**	–
Interest on bank loans	**448,398**	583,790
Write-off of expected credit losses	**377,758**	–
Adjustments with respect to current income tax of prior year	**306,686**	776,735
Taxes other than income tax	**212,638**	861,145
Recognition of fair value of put-option obligation	**135,949**	–
Adjustments with respect to deferred income tax of prior year	**76,930**	–
Accrual of tax provision	**–**	1,888,724
Amortization of discount of financial assets	**(87,950)**	(50,174)
Amortization of financial guarantee obligations	**(1,177,078)**	(923,665)
Dividend income	**(27,838,339)**	(5,706,248)
Other non-taxable differences	**23,072**	(155,256)
Income tax expenses	**115,448**	9,377,440

As at 31 December 2020 and 2019, components of deferred income tax assets/(liabilities) are as follows:

In thousands of tenge	2020	Charged to profit and loss	2019	Charged to profit and loss	2018
Deferred income tax assets					
Losses available for offsetting against future taxable income	**482,865**	**482,865**	–	–	–
Allowance for expected credit loss	**188,813**	**(358,309)**	547,122	(2,839)	549,961
Other provisions	**396,423**	**36,865**	359,558	45,656	313,902
Other	**55,734**	**(18,645)**	74,379	20,439	53,940
	1,123,835	**142,776**	981,059	63,256	917,803
Deferred income tax liabilities					
Inventories	**–**	**–**	–	6,872,081	(6,872,081)
Other financial liabilities	**(80,011)**	**48,462**	(128,473)	(128,473)	–
	(80,011)	**48,462**	(128,473)	6,743,608	(6,872,081)
Deferred income tax assets/(liabilities), net	**1,043,824**	**191,238**	852,586	6,806,864	(5,954,278)

As at 31 December 2020 the Company had corporate income tax prepaid of 12,036,027 thousand tenge (2019: 10,686,516 thousand tenge).

26. RELATED PARTY TRANSACTIONS

Terms and conditions of transactions with related parties

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

Significant transactions with related parties for the years ended 31 December 2020 and 2019 and balances as at 31 December 2020 and 2019 are as follows:

In thousands of tenge	2020	2019
Trade receivables		
Subsidiaries	**58,201,572**	57,027,771
	58,201,572	57,027,771
Loans to related party		
Subsidiaries	**4,245,938**	–
Joint venturers in which the Company is a venturer	**172,151,228**	202,668,824
	176,397,166	202,668,824
Advanced paid		
Subsidiaries	**276**	
Joint venturers, in which KazMunayGas is a venturer	**4,432,249**	5,319,068
Entities under common control of Samruk-Kazyna and the Government	**364,815**	1,735,962
	4,797,340	7,055,030
Other financial assets		
Subsidiaries	**8,587,696**	11,197,300
	8,587,696	11,197,300
Trade payables		
Subsidiaries	**31,974,517**	49,031,137
Joint venturers in which the Company is a venturer	**78,129,413**	128,931,094
Entities under common control of KazMunayGas	**422,550**	923,002
Joint venturers, in which KazMunayGas is a venturer	**65,274,174**	35,434,291
Entities under common control of Samruk-Kazyna and the Government	**1,429,064**	1,778,015
	177,229,718	216,097,539
Loans from related party		
Entities under common control of Samruk-Kazyna and the Government	**–**	10,732,292
	–	10,732,292
Financial guarantee obligations		
Subsidiaries	**4,522,532**	5,264,683
Joint venturers in which the Company is a venturer	**6,639,364**	9,641,783
	11,161,896	14,906,466
Other financial liabilities		
Joint venturers, in which KazMunayGas is a venturer	**2,292,988**	2,978,381
Entities under common control of Samruk-Kazyna and the Government	**20,994**	20,985
	2,313,982	2,999,366

26. RELATED PARTY TRANSACTIONS (continued)

Terms and conditions of transactions with related parties (continued)

In thousands of tenge	2020	2019
Sales of goods and services		
Subsidiaries	**178,239,932**	169,566,333
	178,239,932	169,566,333
Management fee		
Entities under common control of Samruk-Kazyna and the Government	**13,531,548**	–
	13,531,548	–
Dividend income		
Subsidiaries	**85,370,847**	28,531,240
Joint venturers in which the Company is a venturer	**53,820,848**	–
	139,191,695	28,531,240
Finance income		
Subsidiaries	**3,706,336**	4,189,922
Joint venturers in which the Company is a venturer	**15,138,732**	12,002,602
Joint ventures in which KazMunayGas is a venturer	**–**	902,343
	18,845,068	17,094,867
Purchases of goods and services		
Subsidiaries	**96,169,641**	96,301,846
Joint venturers in which the Company is a venturer	**308,058,931**	271,149,864
Entities under common control of KazMunayGas	**4,853,498**	3,806,515
Joint venturers, in which KazMunayGas is a venturer	**121,886,061**	115,475,203
Entities under common control of Samruk-Kazyna and the Government	**588,613**	744,374
	531,556,744	487,477,802
Finance costs		
Subsidiaries	**359,793**	517,867
Joint venturers in which the Company is a venturer	**208,884**	148,724
Joint ventures in which KazMunayGas is a venturer	**242,309**	259,977
Entities under common control of Samruk-Kazyna and the Government	**4,732,644**	4,098,092
	5,543,630	5,024,660

During 2020, BShP repaid interest of 9,336,492 thousand tenge (2019: interest of 6,488,345 thousand tenge).

In 2020, BShP fully repaid principal under the loan agreement of 48,132,457 thousand tenge (2019: 25,500,000 thousand tenge).

During 2020, the Company fully repaid principal and interest under the loan agreements of 14,881,897 thousand tenge and 495,583 thousand tenge, respectively, to KMG (2019: principal of 25,321,800 thousand tenge and interest of 2,716,707 thousand tenge).

During 2020, the Amangeldy Gas fully redeemed bonds in the amount of 2,700,000 thousand tenge.

In 2020, the Company provided interest-free loan in the amount of 7,000,000 thousand tenge to KTG Finance with maturity date of 31 December 2025.

In 2020 and 2019, the Company issued financial guarantee to ICA and KTG Aimak for the additional financing received under the loan agreements concluded with European Bank for Reconstruction and Development and Development Bank of Kazakhstan.

On 14 August 2019, BShP concluded a loan agreement with MUFG Bank LTD and Bank of China LTD for the purpose of refinancing the loan from China Development Bank, Bank of China Limited and Bank of China (Hong Kong) Limited with the interest rate of 3m LIBOR + 1.65% per annum. As a result, the loan from China Development Bank, Bank of China Limited and Bank of China (Hong Kong) Limited was fully repaid on 23 August 2019. MUFG Bank LTD and Bank of China LTD loan is payable by 20 December 2024. The Company issued financial guarantee to BShP under the guarantee agreement to comply with the payment obligations to MUFG Bank LTD and Bank of China LTD.

In 2020, dividends receivable was paid in cash in the amount of 139,191,695 thousand tenge (2019: 28,531,240 thousand tenge).

26. RELATED PARTY TRANSACTIONS (continued)

Compensation to key management personnel

Key management personnel comprise members of the Management Board and independent directors of the Company. In 2020 and 2019 total amount of compensation to key management was equal to 528,735 thousand tenge and 563,314 thousand tenge, respectively, consisting mainly of salaries and other payments and was included in general and administrative expenses in the statement of comprehensive income.

27. COMMITMENTS AND CONTINGENCIES

Operating environment

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Commitments for capital expenditures

As at 31 December 2020, the Company has capital commitments of approximately 1,748,960 thousand tenge, excluding VAT (2019: 4,427,695 thousand tenge, excluding VAT), related to construction of property, plant and equipment and intangible assets.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Fiscal periods remain open to review by the authorities in respect of taxes for 5 (five) calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Transfer pricing control

Transfer pricing control in Kazakhstan has a very wide scope and applies to many transactions that directly or indirectly relate to international business regardless of whether the transaction participants are related or not. The transfer pricing legislation requires that all taxes applicable to a transaction should be calculated based on market prices determined as per the arm's length principle.

The new law on transfer pricing came into effect in Kazakhstan from 1 January 2009. The law is not explicit and there is little precedence with some of its provisions. Moreover, the law is not supported by detailed guidance, which is still under development. As a result, application of transfer pricing law to various types of transactions is not clearly defined. As a result, application of transfer pricing law to various types of transactions is not clearly defined.

Due to uncertainties associated with the Kazakhstani law on transfer pricing there is a risk that the tax authorities may take a position on this issue different from that of the Company, which may result in assessment of additional taxes, fines and penalties as of 31 December 2020. Management believes that its interpretation of the transfer pricing legislation is appropriate and that it is probable that the Company's positions with regard to transfer pricing will be sustained.

Environmental matters

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. Penalties for violations of Kazakhstan's environmental laws can be severe. Potential liabilities which may arise as a result of stricter enforcement of existing regulations, civil litigation or changes in legislation cannot be reasonably estimated.

According to current legislation, management believes that there are no probable or possible environmental liabilities which could have a material adverse effect on the Company's separate financial performance and its financial position.

Insurance matters

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available in the Republic of Kazakhstan. The Company does not have coverage for its plant facilities, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on Company property or relating to Company operations. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Company's separate financial performance and financial position.

27. COMMITMENTS AND CONTINGENCIES (continued)

Legal actions and claims

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or future financial performance of the Company.

COVID-19

Since the beginning of March 2020, the world markets are experiencing a significant fluctuation, in particular as a result of COVID-19 pandemic. Kazakhstani tenge value has fallen significantly against the major world currencies. If these factors continue in the long-term, it will continue to have an impact on the Company's separate financial position, separate cash flows and separate statement of comprehensive income.

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies

The Company's principal financial liabilities comprise debt securities issued, interest bearing loans, trade payables and financial guarantee obligations. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to banks on behalf of subsidiaries and joint venturers to support their operations. The Company's principal financial assets consist of loans to related parties, trade receivables, cash and cash equivalents, bank deposits and other financial assets, which arise directly from its operations.

The Company is mainly exposed to market risk, credit risk and liquidity risk.

The Company's management oversees the management of these risks. The Company's management is supported by department of internal controls and risk management that advises on financial risks and the appropriate financial risk governance framework for the Company. The department of internal controls and risk management provides assurance to the Company's management that the Company's financial risk-taking activities are governed by appropriate policies and procedures.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Market prices include two types of risks: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and deposits.

The Company has no formal agreements for the analysis and mitigation of risks related to changes in interest rates, since management assesses the risk as low.

The sensitivity analysis in the sections below relates to positions as at 31 December 2020 and 2019.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (Libor and KR CBR), with all other variables held constant, of the Company's profit before income tax (through the impact on floating rate borrowings). There is no impact on the Company's equity.

In thousands of tenge	Increase/ decrease in basis points	Effect on profit before income tax
2020		
KR CBR	**+1.25%**	**(1,064,393)**
	-0.75%	**638,636**
2019		
Libor	+0.35%	(267,813)
	-0.35%	267,813

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate risk (continued)

Assumptions of changes in basis points within analysis of sensitivity to interest rate changes are based on a currently observable market situation.

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of foreign exchange rates changes. As a result of significant debt securities issued and trade payables denominated in the US dollar, the Company's separate statement of financial position can be affected significantly by movement in the US dollars / tenge exchange rates. The financial and economic activities also have transactional currency exposures. Such exposure arises from revenue in US dollar.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, with all other variables held constant, of the Company's profit before income tax. There is no impact on the Company's equity.

In thousands of tenge	Increase/ decrease in the rate	Effect on profit before income tax
2020		
US dollars	**+14%**	**(16,783,844)**
	-11%	**13,187,306**
2019		
US dollars	+12%	(30,604,911)
	-9%	22,953,684

In thousands of tenge	Increase/ decrease in the rate	Effect on profit before income tax
2020		
Ruble	**+15%**	**(14,800,455)**
	-15%	**14,800,455**
2019		
Ruble	+12%	(780,813)
	-12%	780,813

Credit risk

Credit risk is the risk that one party with financial instrument will not be able to fulfil an obligation and cause the other party to incur a financial loss. The Company is exposed to a credit risk from its operating activities and certain types of investing activities. With regard to investing activities, the Company places deposits with Kazakhstani banks. The Company's management reviews credit ratings of these banks periodically to eliminate extraordinary credit risk exposure. The Company's management believes that recent international credit crisis and subsequent changes in credit rating of local banks does not justify extraordinary credit risk. Accordingly, no impairment allowance against bank deposits is required.

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The table below shows the balances of cash and deposits in banks at the reporting date using Standard & Poor's, Fitch Ratings and Thomas Murray credit rating symbols:

In thousands of tenge	Location	2020		2019		2020	2019
Citi Bank Kazakhstan JSC	Kazakhstan	**Standard & Poor's**	**A+/stable**	Standard & Poor's	A+/stable	**73,465,426**	4,761,600
SB Bank of China	Kazakhstan	**Standard & Poor's**	**A/stable**	Standard & Poor's	A/stable	**44,609,820**	83
Halyk Bank of Kazakhstan JSC	Kazakhstan	**Standard & Poor's**	**BB/stable**	Standard & Poor's	BB/stable	**1,311,797**	3,780,431
VTB Bank Kazakhstan	Kazakhstan	**Standard & Poor's**	**B+/stable**	–	–	**37,526**	–
Forte Bank JSC	Kazakhstan	**Standard & Poor's**	**B+/stable**	Standard & Poor's	B+/stable	**5,952**	3,610
Altyn Bank JSC	Kazakhstan	**Fitch Ratings**	**BBB-/stable**	Fitch Ratings	BBB-/stable	**2,181**	11
Central Depository of Securities JSC	Kazakhstan	**Thomas Murray**	**A+/positive/A**	Thomas Murray	A+/positive/A	**428**	428
GazPromBank	Russia	**Standard & Poor's**	**BB+/stable**	Standard & Poor's	B/stable	**108**	98
Citibank N.A. London	England	**Standard & Poor's**	**A+/stable**	Standard & Poor's	A+/stable	**59**	18
						119,433,297	8,546,279

At the current level of operations, management believes that the Company has established appropriate credit verification procedures and monitoring of industrial consumers, which enabled the Company to trade only with recognised, creditworthy third parties.

The Company monitors the outstanding trade receivables on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Credit risks are taken through individual impairments. Concentration of credit risks mainly relates to the key accounts, in particular, to international customers.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, bank deposits, loans to related party, other financial assets, finance lease receivables and trade receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the current amount of these instruments.

The maximum credit risk exposure for the financial assets is limited to the carrying amount as disclosed in *Notes 8, 10, 11* and *13*. For the financial guarantee issued and put option obligation, the maximum credit risk exposure equals the nominal value of the guaranteed loan agreement and nominal value of obligation if the option is exercised, respectively, as disclosed in liquidity risk section of this note.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2020 and 2019 based on contractual undiscounted payments.

In thousands of tenge	**On demand**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**>5 years**	**Total**
At 31 December 2020						
Debt securities issued	–	**6,503,375**	**6,503,375**	**52,027,000**	**323,310,651**	**388,344,401**
Trade payables	–	**216,368,610**	–	–	–	**216,368,610**
Interest bearing loans	–	**1,244,160**	**4,158,179**	**95,910,181**	–	**101,312,520**
Put-option obligation	–	–	–	–	**40,510,279**	**40,510,279**
Lease liabilities	–	–	**618,509**	**637,064**	–	**1,255,573**
Financial guarantee obligations	**132,469**	**15,397,748**	**46,391,503**	**178,060,100**	**15,670,673**	**255,652,493**
Other financial liabilities	–	**884,187**	–	**2,019,783**	–	**2,903,970**
	132,469	**240,398,080**	**57,671,566**	**328,654,128**	**379,491,603**	**1,006,347,846**

In thousands of tenge	On demand	1 to 3 months	3 months to 1 year	1 to 5 years	>5 years	Total
At 31 December 2019						
Debt securities issued	–	6,276,867	6,276,867	50,214,936	324,603,702	387,372,372
Trade payables	–	286,690,144	–	–	–	286,690,144
Interest bearing loans	–	635,231	1,891,884	77,532,989	–	80,060,104
Put-option obligation	–	–	–	–	40,510,279	40,510,279
Loans from related party	–	259,317	259,317	16,954,992	–	17,473,626
Financial guarantee obligations	142,016	16,341,758	48,799,029	206,912,941	20,103,356	292,299,100
Other financial liabilities	927,702	261,442	673,261	2,019,784	–	3,882,189
	1,069,718	310,464,759	57,900,358	353,635,642	385,217,337	1,108,287,814

The financial guarantee obligations in table above represents maximum amount of exposure, in which the guarantee could be called. No liability is expected to arise.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity structure. There were no changes in the Company's approach to capital management as compared to 2019.

The capital structure of the Company consists of debt, which includes debt securities issued and interest bearing loans disclosed in *Notes 15* and *16*, and equity, comprising share capital, additional paid-in capital and retained earnings as disclosed in *Note 14*.

The Company's management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Company has a target debt-to-equity ratio of no more than 1.5.

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The debt-to-equity ratio at the year-end was as follows:

In thousands of tenge	**2020**	2019
Debt securities issued *(Note 15)*	**299,934,157**	289,486,900
Loans from related party	**–**	10,732,292
Interest bearing loans *(Note 16)*	**85,222,637**	76,442,023
Less: cash and cash equivalents, bank deposits	**(119,451,509)**	(8,552,548)
Total debt	**265,705,285**	368,108,667
Equity	**778,866,981**	457,379,033
Debt-to-equity ratio	**0.34**	0.80

Fair value of financial instruments

The carrying value of the Company's financial instruments as of 31 December 2020 and 2019 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

	2020				
			Fair value by level of assessment		
In thousands of tenge	**Carrying amount**	**Fair value**	**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**
Other financial assets	**8,587,696**	**8,665,947**	**8,665,947**	**–**	**–**
Financial liabilities					
Debt securities issued	**(299,934,157)**	**(277,513,129)**	**(277,513,129)**	**–**	**–**
Interest bearing loans	**(85,222,637)**	**(85,622,209)**	**–**	**(85,622,209)**	**–**

	2019				
			Fair value by level of assessment		
In thousands of tenge	Carrying amount	Fair value	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	155,887,705	155,294,894	–	–	155,294,894
Other financial assets	11,197,300	12,740,806	12,740,806	–	–
Financial liabilities					
Debt securities issued	(289,486,900)	(287,414,560)	(287,414,560)	–	–
Interest bearing loans	(76,442,023)	(76,809,549)	–	(76,809,549)	–
Loans from related party	(10,732,292)	(10,601,986)	–	(10,601,986)	–

Estimates and assumptions

The management of the Company has determined that the fair value of cash and bank deposits, dividends receivable, trade receivables, finance lease receivables, trade payables, financial guarantee obligations and other financial liabilities approximates their carrying amount mainly due to short-term nature of these instruments.

The fair value of quoted bonds is 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.

There have been no transfers between Level 1 and Level 2 during 2020 and 2019.

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Changes in liabilities arising from financial activities

In thousands of tenge	1 January 2020	Proceeds	Repayments	Repayment of interest	Foreign exchange gains or losses	Others	31 December 2020
Financial liabilities							
Debt securities issued	289,486,900	–	**(17,816,800)**	**(13,801,740)**	**29,838,219**	**12,227,578**	**299,934,157**
Interest bearing loans	76,442,023	**84,621,155**	**(84,954,000)**	**(2,016,909)**	**8,948,474**	**2,181,894**	**85,222,637**
Loans from related party	10,732,292	–	**(14,881,897)**	**(495,583)**	–	**4,645,188**	–
Lease liabilities	–	–	**(594,720)**	–	–	**1,681,816**	**1,087,096**
Total liabilities arising from financing activities	376,661,215	**84,621,155**	**(118,247,417)**	**(16,314,232)**	**38,786,693**	**20,736,476**	**386,243,890**

In thousands of tenge	1 January 2019	Proceeds	Repayments	Repayment of interest	Foreign exchange gains or losses	Others	31 December 2019
Financial liabilities							
Debt securities issued	290,606,802	–	–	(13,576,598)	(1,272,690)	13,729,386	289,486,900
Interest bearing loans	76,625,221	–	–	(3,010,736)	(329,342)	3,156,880	76,442,023
Loans from related party	36,104,050	–	(25,321,800)	(2,716,707)	–	2,666,749	10,732,292
Lease liabilities	562,620	–	(562,620)	–	–	–	–
Total liabilities arising from financing activities	403,898,693	–	(25,884,420)	(19,304,041)	(1,602,032)	19,553,015	376,661,215

The “Others” column mainly represents interest accrued, amortization of discount, modification of lease and costs associated with the organization of loans. The Company classifies interest paid as cash flows from operating activities.

29. SEGMENT REPORTING

The main business operations of the Company are related to gas trading to external and local markets. The Company considers only one reportable segment under IFRS 8. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements prepared in accordance with IFRS.

In 2020, the Company generated 66% of its revenues from PetroChina Group, 22% from KTG Aimak and 6% from Gazprom Group (2019: 63% from PetroChina Group, 18% from KTG Aimak and 13% from Gazprom Group).

30. SUBSEQUENT EVENTS

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