

Intergas Central Asia JSC
Interim condensed financial statements (unaudited)
As at and for the six months ended June 30, 2022



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Interim condensed financial statements (unaudited)

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Report on review of interim financial information

To the Shareholder and Board of Directors of Intergas Central Asia JSC

Introduction

We have reviewed the accompanying interim condensed financial statements of "Intergas Central Asia" JSC ("the Company"), which comprise the interim statement of financial position as at 30 June 2022 and the related interim statements of comprehensive income, cash flows and changes in equity for the six-month period then ended, and explanatory notes (interim financial information). Management of the Company is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Ernst & Young LLP



Adil Syzdykov
Auditor

Auditor qualification certificate
No MF-0000172 dated 23 December 2013

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

25 July 2022



Rustamzhan Sattarov
General Director
Ernst and Young LLP

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

INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

<i>In thousands of Tenge</i>	<i>Notes</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Assets			
Non-current assets			
Property, plant and equipment	4	699,086,817	715,958,111
Intangible assets		3,531,897	3,886,652
Right-of-use assets		652,402	1,661,635
Advances paid for non-current assets	6	39,519,508	62,515,420
Bank deposits	10	1,508,333	1,510,163
Other non-current assets		—	411,204
		744,298,957	785,943,185
Current assets			
Inventories	7	4,772,415	2,304,511
Trade and other receivables	8	114,966,902	34,446,625
Advances paid	6	32,809	142,256
Prepaid taxes other than income tax	9	364,969	2,654,228
Corporate income tax prepaid		9,038,757	2,906,846
Bank deposits	10	16,842,274	5,817
Cash and cash equivalents	11	41,981,579	55,758,285
		187,999,705	98,218,568
Assets held for sale	5	—	40,377,593
		187,999,705	138,596,161
Total assets		932,298,662	924,539,346
Equity and liabilities			
Equity			
Share capital	12	392,985,220	392,985,220
Additional paid-in capital		21,732,004	21,352,216
Retained earnings		276,041,069	245,096,991
		690,758,293	659,434,427
Non-current liabilities			
Long-term portion of bank loans	13	25,000,531	29,184,030
Long-term portion of loans from related party	14	45,998,573	44,068,360
Long-term portion of financial guarantee obligation		6,768,498	7,408,575
Employee benefit obligations		480,394	454,433
Gas pipeline abandonment and site restoration provision	15	50,377,839	86,229,418
Other non-current financial liabilities		460,800	40,596
Deferred income tax liabilities		62,172,894	59,601,753
		191,259,529	226,987,165
Current liabilities			
Current portion of bank loans	13	8,987,992	8,794,447
Current portion of loans from related party	14	2,415,874	777,156
Employee benefit obligations		59,021	59,021
Trade and other payables	16	11,210,950	7,887,194
Taxes payable other than income tax		1,697,394	1,714,064
Contractual obligations		362,131	2,536,281
Other current financial liabilities	17	19,125,442	7,454,219
Other current liabilities	18	6,422,036	8,895,372
		50,280,840	38,117,754
Total liabilities		241,540,369	265,104,919
Total equity and liabilities		932,298,662	924,539,346

Deputy General Director

Chief Accountant



Narymbetova U.I.

Kadirbayeva A.A.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2022

<i>In thousands of Tenge</i>	Notes	For the six months ended June 30,	
		2022 (unaudited)	2021 (unaudited)
Revenue from contracts with customers	19	117,482,421	119,544,228
Cost of sales	20	(75,618,948)	(69,758,022)
Gross profit		41,863,473	49,786,206
General and administrative expenses	21	(5,102,860)	(4,653,190)
Other operating income	22	3,035,487	990,354
Other operating expenses		(406,992)	(297,956)
Operating profit		39,389,108	45,825,414
Foreign exchange gain, net		4,308,733	481,411
Finance income		1,148,660	1,420,183
Finance costs	23	(5,460,079)	(6,884,969)
Profit before income tax		39,386,422	40,842,039
Income tax expenses	24	(8,439,230)	(9,532,067)
Net profit for the period		30,947,192	31,309,972
Other comprehensive gain for the period, net of tax		-	-
Total comprehensive income for the period, net of tax		30,947,192	31,309,972

Deputy General Director



Narymbetova U.I.

Chief Accountant

Kadirbayeva A.A.

INTERIM STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

		For the six months ended June 30,	
		2022	2021
<i>In thousands of Tenge</i>	Notes	(unaudited)	(unaudited)
Cash flows from operating activities			
Receipts from customers		91,549,644	127,081,768
Payments to suppliers		(23,563,391)	(30,018,900)
Payments to employees		(20,402,718)	(15,925,172)
Taxes paid other than income tax		(12,649,905)	(9,692,371)
VAT refund from the state		–	3,000,000
Other receipts		1,249,436	857,259
Other payments		(5,113,110)	(2,337,099)
Corporate income tax paid		(12,000,000)	–
Interest paid		(2,252,024)	(2,307,166)
Interest received		460,115	775,729
Net cash flows received from operating activities		17,278,047	71,434,048
Cash flows from investing activities			
Withdrawal of bank deposits		205,095	634,953
Placement of bank deposits		(15,580,688)	–
Purchase of property, plant and equipment		(10,322,263)	(23,711,894)
Proceeds from sale of property, plant and equipment		–	40,875,610
Net cash flows (used in)/from investing activities		(25,697,856)	17,798,669
Cash flows from financing activities			
Proceeds from loans from related parties	14	1,100,075	–
Repayment of bank loans	13	(4,237,310)	(4,237,310)
Repayment of principal of lease liabilities		(4,083,510)	(2,854,739)
Dividends paid	12	(3,114)	(91,685,171)
Net cash flows used in financing activities		(7,223,859)	(98,777,220)
Net decrease in cash and cash equivalents		(15,643,668)	(9,544,503)
Effects of exchange rate on cash and cash equivalents		1,866,962	378,052
Cash and cash equivalents, at the beginning of the period		55,758,285	57,600,542
Cash and cash equivalents, at the end of the period	11	41,981,579	48,434,091

Deputy General Director



Narymbetova U.I.

Chief Accountant

Kadrbayeva A.A.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022

<i>In thousands of Tenge</i>	Share capital	Additional paid-in capital	Retained earnings	Total
As at January 1, 2021 (audited)	392,985,220	–	280,713,200	673,698,420
Net profit for the period (unaudited)	–	–	31,309,972	31,309,972
Total comprehensive income for the period	–	–	31,309,972	31,309,972
Dividends on common shares (Note 12)	–	–	(83,526,405)	(83,526,405)
Dividends on preferred shares (Note 12)	–	–	(8,158,766)	(8,158,766)
As at June 30, 2021 (unaudited)	392,985,220	–	220,338,001	613,323,221
As at January 1, 2022 (audited)	392,985,220	21,352,216	245,096,991	659,434,427
Net profit for the period (unaudited)	–	–	30,947,192	30,947,192
Total comprehensive income for the period	–	–	30,947,192	30,947,192
Dividends on preferred shares (Note 12)	–	–	(3,114)	(3,114)
Other transactions with a Shareholder (Note 12)	–	379,788	–	379,788
As at June 30, 2022 (unaudited)	392,985,220	21,732,004	276,041,069	690,758,293

Deputy General Director



Narymbetova U.I.

Chief Accountant

Kadibayeva A.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)**For the six months ended June 30, 2022**

1. GENERAL INFORMATION

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

The Company is 100% owned by NC QazaqGaz JSC (the “Shareholder” or “QazaqGaz”), a joint stock company established under the laws of the Republic of Kazakhstan. “Sovereign Wealth Fund Samruk-Kazyna JSC (“Samruk-Kazyna”) is the sole shareholder of NC QazaqGaz JSC. All subsidiaries of Samruk-Kazyna are considered as related parties of the Company (*Note 25*).

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

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

As at June 30, 2022, the Company has commitments in the amount of 186,530,037 thousand Tenge under the investment program for 2022-2026, approved by the common order of the Vice Minister of Energy of the Republic of Kazakhstan dated October 4, 2021 No. 311 and the Chairman of the Natural Monopolies Regulation Committee under the Ministry of National Economy of the Republic of Kazakhstan dated September 15, 2021 No. 97-NK. The order came into force on January 1, 2022.

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

The accompanying interim condensed financial statements were authorized for issue by the Deputy General Director and Chief Accountant of the Company on July 25, 2022.

2. BASIS OF PREPARATION

These interim condensed financial statements have been prepared as on June 30, 2022 in accordance with IAS 34 *Interim Financial Reporting* (the “IAS 34”). These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2021.

Foreign currency translation

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange (“KASE”) are used as official currency exchange rates in the Republic of Kazakhstan. As at 30 June 2022, the currency exchange rate of KASE was 470.34 Tenge to 1 US dollar. This rate was used for translation of monetary assets and liabilities denominated in US dollar at 30 June 2022 (at 31 December 2021: 431.8 Tenge to 1 US dollar).

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**New standards, interpretations and amendments adopted by the Company**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1, 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Amendments to IAS 37 – “Onerous Contracts – Costs of Fulfilling a Contract”

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

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

Reference to the Conceptual Framework – Amendments to IFRS 3

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

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

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

<i>In thousands of Tenge</i>	Land	Buildings and constructions	Gas transportation system	Equipment	Vehicles	Other	Construction in progress	Total
Cost								
At December 31, 2021 (audited)	331,221	91,026,236	416,691,251	356,868,098	16,637	6,880,338	40,029,875	911,843,656
Additions	1,785	124,850	–	254,416	–	17,044	34,103,922	34,502,017
Change in estimate (Note 15)	–	–	(38,900,870)	–	–	–	–	(38,900,870)
Transfers	–	476,113	3,354,160	1,930,603	–	51,903	(5,812,779)	–
Transfer from inventories	–	–	–	11,977	–	–	737,305	749,282
Disposals	–	(2,864)	(75,393)	(66,375)	–	(26,477)	–	(171,109)
At June 30, 2022 (unaudited)	333,006	91,624,335	381,069,148	358,998,719	16,637	6,922,808	69,058,323	908,022,976
Accumulated depreciation								
At December 31, 2021 (audited)	–	17,827,743	75,969,672	97,583,426	9,773	4,422,684	72,247	195,885,545
Charge for the period	–	1,335,633	4,288,366	6,849,913	536	223,498	–	12,697,946
Transfers	–	–	2,597	(4,014)	–	1,417	–	–
Impairment (Note 19)	–	–	–	–	–	–	451,217	451,217
Disposals	–	(2,259)	(6,595)	(63,377)	–	(26,318)	–	(98,549)
At June 30, 2022 (unaudited)	–	19,161,117	80,254,040	104,365,948	10,309	4,621,281	523,464	208,936,159
Net book value								
At December 31, 2021 (audited)	331,221	73,198,493	340,721,579	259,284,672	6,864	2,457,654	39,957,628	715,958,111
At June 30, 2022 (unaudited)	333,006	72,463,218	300,815,108	254,632,771	6,328	2,301,527	68,534,859	699,086,817

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

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Additions

During the six months ended 30 June 2022, additions to construction in progress mainly include the following production facilities:

- construction of the “Zhetybay-Kuryk” main gas pipeline branch from the “Zhanaozen-Aktau” main gas pipeline (hereinafter - MGP) with the installation of automated gas distribution stations (hereinafter - AGDS) in “Kuryk” village in the amount of 19,253,552 thousand Tenge;
- Construction of the main gas pipeline from the “Kashagan” gas processing unit to the “Makat –North Caucasus” gas pipeline with a compressor station in the amount of 13,509,587 thousand Tenge;
- overhaul of main gas pipelines, hot work, in-pipe diagnostics, replacement of defective pipes, emergency recovery work, disconnection/connection of gas pipelines, expert and diagnostic support, etc in the amount of 1,266,110 thousand Tenge.

Internal movements

During the six months ended 30 June 2022, the following main facilities were put into operation:

- overhaul of the MGP “BGR-TBA” 729-826 km 1st line in the amount of 1,888,696 thousand Tenge;
- overhaul of the gas pipeline branch to the gas distribution station (hereinafter - GDS) “Karatau” with the development of design and estimate documentation in the amount of 1,329,498 thousand Tenge;
- construction of a gas pipeline branch from the 2nd line of the “BGR-TBA” gas pipeline to GDS-3 in the amount of 1,174,596 thousand Tenge;
- other emergency recovery works, hot works, replacements of defective pipes, disconnection and connection of gas pipelines, works on installation/assembly/dismantling of compressor equipment in the amount of 1,419,989 thousand Tenge.

Other

As at June 30, 2022, the historical cost of fully depreciated property, plant and equipment in operation was 12,325,388 thousand Tenge (December 31, 2021: 12,391,828 thousand Tenge).

During the six months ended June 30, 2022, the Company capitalized borrowings costs of 3,460,638 thousand Tenge in the carrying amount of property, plant and equipment, which are related to the construction of the assets (during the six months ended June 30, 2021: 67,596 thousand Tenge) (*Notes 13, 14*).

As at June 30, 2022, the Company has capital commitments of approximately 136,190,204 thousand Tenge (December 31, 2021: 143,649,669 thousand Tenge) associated with the acquisition and construction of property, plant and equipment. These capital commitments are partly related to the investment program, which is described in *Note 1*.

5. ASSETS HELD FOR SALE

During 2021, the Company classified “Aral” gas compressor station, including all related fixed assets as assets held for sale, with a carrying amount of 40,377,593 thousand Tenge. On May 31, 2022, the Company sold the “Aral” compressor station to a related party Beineu-Shymkent Gas Pipeline LLP for the total amount of 42,726,460 thousand Tenge (*Note 25*). As a result of the sale of this asset, the Company recognized gain on disposal of property, plant and equipment of 2,348,867 thousand Tenge in other operating income (*Note 22*).

During 2020, the Company classified “Korkyt-Ata” gas compressor station, including all related fixed assets as assets held for sale, with a carrying amount of 42,241,262 thousand Tenge. On March 30, 2021, the Company sold the “Korkyt-Ata” compressor station to a related party Beineu-Shymkent Gas Pipeline LLP for the total amount of 42,886,487 thousand Tenge (*Note 25*). As a result of the sale of this asset, the Company recognized gain on disposal of assets held for sale in the amount of 645,225 thousand Tenge in other operating income (*Note 22*).

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

6. ADVANCES PAID

<i>In thousands of Tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Advances paid to suppliers for non-current assets		
Advances paid to third parties for capital repair, construction works and supply of fixed assets	39,519,508	62,515,420
	39,519,508	62,515,420
Advances to suppliers for current assets and services		
Advances paid to third parties for supply of materials and rendering current repair services	26,630	139,163
Advances paid to related parties (Note 25)	6,179	3,093
	32,809	142,256

As at June 30, 2022, advances paid to third-parties for capital repairs and construction, mainly comprise:

- 17,134,224 thousand Tenge given to Elektrokhimzashchita LLP for the construction of a gas pipeline from the Kashagan integrated gas treatment unit to the “Makat-North Caucasus” gas pipeline with the compressor station and for the construction of the “Zhetybai-Kuryk” gas pipeline branch from the “Zhanaozen-Aktau” main gas pipeline with the installation of an automatic gas distribution station in the village of “Kuryk” (as at December 31, 2021: 40,129,896 thousand Tenge);
- 19,320,640 thousand Tenge issued to Elektro-KhSBM LLP for the work on laying main pipelines of Atyrau gas pipeline management (as at December 31, 2021: 19,320,640 thousand Tenge).

7. INVENTORIES

<i>In thousands of Tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Materials and supplies (at lower of cost and net realisable value)	3,198,544	958,642
Gas (at lower of cost and net realisable value)	1,573,871	1,345,869
	4,772,415	2,304,511

Materials and supplies mainly consist of pipes, spare parts for servicing gas transmission systems, methanol and lubricants for use in gas transportation, and equipment and materials for domestic consumption. Gas includes fuel gas for own needs.

8. TRADE AND OTHER RECEIVABLES

<i>In thousands of Tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
From related parties in Tenge (Note 25)	92,605,268	26,410,668
From customers – non-residents for gas transit in US Dollars	18,119,499	4,644,905
From customers – residents in Tenge	2,873,453	3,129,178
Other receivables in Tenge	1,787,594	647,172
	115,385,814	34,831,923
Allowance for expected credit losses	(418,912)	(385,298)
	114,966,902	34,446,625

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

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at June 30, 2022, accounts receivable from related parties are mainly represented by receivables from Beineu-Shymkent Gas Pipeline LLP of 47,853,636 thousand Tenge for “Aral” compressor station, 6,677,946 thousand Tenge for warranty retention and 3,902,968 thousand Tenge for technical maintenance of gas pipelines (December 31, 2021: 6,677,946 thousand Tenge for warranty retention and 1,249,000 thousand Tenge for technical maintenance of gas pipelines); QazaqGaz of 30,272,975 thousand Tenge for storage and domestic gas transportation (December 31, 2021: 14,697,990 thousand Tenge); Asia Gas Pipeline LLP in the amount of 669,096 thousand Tenge for technical maintenance of gas pipelines (December 31, 2021: 1,727,016 thousand Tenge); KazTransGas Aimak JSC in the amount of 2,686,366 thousand Tenge for technical maintenance of gas pipelines (December 31, 2021: 1,779,088 thousand Tenge).

As at June 30, 2022, trade receivables from gas transit non-resident customers included the amount of 12,618,564 thousand Tenge due from Gazprom PJSC (as at December 31, 2021: 2,624,934 thousand Tenge), the amount of 5,500,935 thousand Tenge due from UzTransGas JSC (as at December 31, 2021: 2,019,971 thousand Tenge), and were denominated in US Dollars.

As of June 30, 2022, the Company has receivables from QazaqGaz in the total amount of 30,272,975 thousand Tenge. Based on the history of payments and the results of a detailed analysis of the financial position of QazaqGaz and the market in which it operates, management determined that QazaqGaz has sufficient capabilities to fulfil its contractual obligations. Accordingly, no allowance was made in the financial statements for expected credit losses in respect of trade receivables from QazaqGaz.

As at 30 June 2022 and 31 December 2021 trade and other receivables are interest-free.

9. PREPAID TAXES OTHER THAN INCOME TAX

<i>In thousands of Tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
VAT recoverable	–	2,195,088
Other	364,969	459,140
	364,969	2,654,228

10. BANK DEPOSITS

<i>In thousands of Tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Long-term bank deposits		
Tenge bank deposits with maturity more than one year	1,508,333	1,510,163
	1,508,333	1,510,163
Short-term bank deposits		
Currency bank deposits with maturity more than three months and less than one year	16,830,503	–
Tenge bank deposits with maturity more than three months and less than one year	11,771	5,817
	16,842,274	5,817

As at June 30, 2022 restricted long-term deposits of 1,508,333 thousand Tenge were placed as guarantee on housing loans issued by Halyk Bank of Kazakhstan JSC to the Company's employees (December 31, 2021: 1,510,163 thousand Tenge) at the rate of 1% per annum (2021: 1% per annum).

As at June 30, 2022 short-term bank deposits included interest receivable with Halyk Bank of Kazakhstan JSC of 11,771 thousand Tenge (December 31, 2021: 5,817 thousand Tenge).

As at 30 June 2022, a deposit with maturity from three months to a year includes a deposit in foreign currency in Halyk Bank of Kazakhstan JSC in the amount of 16,786,411 thousand Tenge and interest in the amount of 44,092 thousand Tenge. Interest on a deposit with a maturity of three months to a year is charged at a rate of 0.7% per annum.

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

11. CASH AND CASH EQUIVALENTS

<i>In thousands of Tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
US Dollar bank accounts	24,210,053	43,028,825
Tenge deposits with maturity less than three months	16,536,912	12,499,214
Cash in transit	988,480	–
Tenge bank accounts	246,134	230,201
Rouble bank accounts	–	45
	41,981,579	55,758,285

As at June 30, 2022 the weighted average interest rate on current bank accounts was 0% in US dollars and 0.1% in Tenge, respectively (December 31, 2021: 0% in US dollars and 0.08% in Tenge, respectively).

As at 30 June 2022, deposits with a maturity of less than three months include Tenge deposits in the amount of 16,536,912 thousand Tenge in Halyk Bank of Kazakhstan JSC (31 December 2021: deposits in the amount of 36,457 thousand Tenge in Halyk Bank of Kazakhstan JSC and 12,462,757 thousand Tenge in First Heartland Jysan Bank JSC). Deposits with a maturity of less than three months earn interest at a rate of 12.5% per annum, respectively (2021: at a rate of 7.5% and 8.3% per annum).

12. EQUITY

Share capital

	Number of shares		In thousands of Tenge	
	June 30, 2022 (unaudited)	December 31, 2021 (audited)	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Common voting shares	246,886,387	246,886,387	185,546,933	185,546,933
Preferred non-voting shares	41,522,720	41,522,720	207,438,287	207,438,287
	288,409,107	288,409,107	392,985,220	392,985,220

Dividends

On June 23, 2022, based on the results of financial performance for the year ended December 31, 2021, the Company paid dividends on preferred shares in the amount of 3,114 thousand Tenge in accordance with the decision of the Board of Directors of the Shareholder.

Additional paid up capital

During the six months ended June 30, 2022, the Company received several tranches of a loan from QazaqGaz in the total amount of 1,100,075 thousand Tenge to finance the investment project “Construction of the main gas pipeline from the Kashagan complex gas treatment unit to the Makat North-Caucasus gas pipeline with a compressor station” at 5% interest rate per annum. The difference between nominal and fair value of a loan in the amount of 379,788 thousand Tenge was recognized as additional paid-in capital (Note 14).

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

13. BANK LOANS

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

<i>In thousands of Tenge</i>	Date of issue	Maturity	Interest rate	June 30, 2022 (unaudited)	December 31, 2021 (audited)
European Bank for Reconstruction and Development	July 26, 2016	June 5, 2026	3m CPI + margin (2.15%) + 50 bp cost	24,788,563	27,699,840
	June 18, 2018, September 18, 2019 and February 13, 2020	June 5, 2026	6m CPI + margin (2.15%) + 100 bp cost	9,199,960	10,278,637
				33,988,523	37,978,477
Less: amount due for settlement within 12 months				(8,987,992)	(8,794,447)
Amounts due for settlement after 12 months				25,000,531	29,184,030

In accordance with the loan agreement dated May 26, 2016, on July 26, 2016 the Company received a loan from the European Bank for Reconstruction and Development (hereinafter referred to as "EBRD") of 140,000,000 US Dollars (equivalent to 48,143,200 thousand Tenge) for the purpose of restructuring existing obligations. In May 2017, the Company received second tranche of 80,000,000 US Dollars (equivalent to 25,254,400 thousand Tenge) under the loan agreement.

Under the terms of the loan agreement, all payments related to the loan are made in US Dollars. On October 23, 2017, according to the letter received from the European Bank for Reconstruction and Development, the principal on the loan was converted from 203,077 thousand US Dollars to 68,213,539 thousand Tenge. The exchange rate used for conversion was 335.9 Tenge per 1 US Dollar. During the six months ended June 30, 2022, the Company repaid the principal debt under the loan agreement in the amount of 3,079,083 thousand Tenge.

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

On September 18, 2019, in accordance with the loan agreement dated May 26, 2016, the Company received the second tranche of a loan from the EBRD of 7,255,785 thousand Tenge for the modernization of the Bozoi UGS facility, which is repaid by 27 equal quarterly instalments starting from December 2019.

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

During the six months ended 30 June 2022, the Company repaid principal in the amount of 1,158,227 thousand Tenge and accrued interest on two loans in the amount of 1,825,942 thousand Tenge (*Note 23*) (for the six months ended 30 June 2021: 1,158,226 thousand Tenge and 2,258,951 thousand Tenge, respectively). As at 30 June 2022, the interest payable on the loans is 513,373 thousand Tenge (as at 31 December 2021: 319,828 thousand Tenge).

Capitalization of borrowing costs

During the six months ended June 30, 2022, the Company capitalized interest expense of 611,994 thousand Tenge on loans received from EBRD to property, plant and equipment (six months ended June 30, 2021: 67,596 thousand Tenge) (*Note 4*).

Covenants

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

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

14. LOANS FROM RELATED PARTY

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

<i>In thousands of Tenge</i>	Date of issue	Maturity	Interest rate	June 30, 2022	December 31, 2021
QazaqGaz	July 13, 2021, October 1, 2021, December 23, 2021, March 31, 2022 and June 14, 2022	July 13, 2032	5% per annum	48,414,447	44,845,516
				48,414,447	44,845,516
Less: amount due for settlement within 12 months				(2,415,874)	(777,156)
Amounts due for settlement after 12 months				45,998,573	44,068,360

In accordance with the loan agreement dated July 12, 2021 with QazaqGaz, during 2021, the Company received several tranches in the total amount of 69,909,463 thousand Tenge at 5% per annum interest rate to finance the investment project “Construction of the main gas pipeline from the Kashagan complex gas treatment unit to the Makat – North Caucasus gas pipeline with a compressor station”. The loan is repayable in 10 equal annual instalments starting from December 25, 2023 by July 13, 2032. The difference between the received amount and the fair value of the loan, calculated using the market rates of 12.85%, 13.6%, and 13.2%, in the amount of 21,352,216 thousand Tenge was recognized as additional paid-in capital.

On March 31, 2022 and June 14, 2022, the Company received the fourth and fifth tranches in the amount of 434,018 thousand Tenge and 666,057 thousand Tenge, respectively, which will be repaid in 10 equal quarterly instalments starting from 25 December 2023. The difference between the received amount and the fair value of the loan, calculated using the market rates of 14.1% and 14.9%, in the amount of 379,788 thousand Tenge was recognized as additional paid-in capital (Note 12).

During the six months ended June 30, 2022, the Company accrued interest on the loan in the amount of 1,638,718 thousand Tenge and amortization of discount in the amount of 1,209,926 thousand Tenge. As at June 30, 2022, interest payable on the loan is equal to 2,415,874 thousand Tenge. (December 31, 2021: 777,156 thousand Tenge).

Capitalization of borrowing costs

During the six months ended 30 June 2022, the Company capitalized interest expense and amortization of discount on the loan received from QazaqGaz in the amount of 2,848,644 thousand Tenge (six months ended June 30, 2021: nil) (Note 4).

15. GAS PIPELINE ABANDONMENT AND SITE RESTORATION PROVISION

The movement of the gas pipeline abandonment and site restoration provision for the six months ended June 30, 2022 is presented as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June 2022 (unaudited)
At January 1	86,229,418
Change in estimate (Note 4)	(38,900,870)
Unwinding of discount (Note 18)	3,049,291
At June 30	50,377,839

As at 30 June 2022, the long-term inflation rate and discount rate used to determine the provision were 5.5% and 8.9%, respectively (31 December 2021: 5.5% and 6.97%, respectively).

When installing main gas pipelines, the Company fully created a provision for future costs of decommissioning these pipelines. The provision for pipeline abandonment and site restoration in the amount of 50,377,839 thousand Tenge represents the present value of pipeline abandonment and site restoration costs related to property, plant and equipment, which are expected to be incurred in the period from 2031 to 2088.

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

16. TRADE AND OTHER PAYABLES

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
<i>In thousands of Tenge</i>		
Payables for purchased gas		
Payables to related parties (Note 20)	2,299,770	1,181,096
	2,299,770	1,181,096
Payables for assets and services received		
Payables to related parties (Note 20)	4,588,698	1,673,320
Payables to third parties	4,322,482	5,032,778
	8,911,180	6,706,098
	11,210,950	7,887,194

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

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

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
<i>In thousands of Tenge</i>		
Trade payables in Tenge	10,486,610	7,663,418
Trade payables in US Dollars	710,505	209,837
Trade payables in Euro	13,827	13,789
Trade payables in Roubles	8	150
	11,210,950	7,887,194

17. OTHER CURRENT FINANCIAL LIABILITIES

	30 июня 2022 года (неаудиро- ванные)	31 декабря 2021 года (аудиро- ванные)
<i>В тысячах тенге</i>		
Short-term lease liabilities	16,323,723	48,321
Unused vacation reserves	1,683,812	1,415,057
Guarantee liabilities	839,336	898,946
Short-term part of finance lease liabilities	227,469	5,013,843
Other	51,102	78,052
	19,125,442	7,454,219

18. OTHER CURRENT LIABILITIES

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
<i>In thousands of Tenge</i>		
Provision for annual bonuses	5,903,530	7,946,693
Pension contributions payable	297,791	617,840
Other	220,715	330,839
	6,422,036	8,895,372

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

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In thousands of Tenge</i>	For the six months ended June 30,	
	2022	2021
	(unaudited)	(unaudited)
Transportation services		
Transportation of gas within Kazakhstan	45,783,249	37,588,514
Transportation of gas for export	24,280,745	31,606,266
Transportation of Central Asian gas (transit)	21,947,280	30,337,849
Transportation of Russian gas (transit)	11,339,178	6,819,944
	103,350,452	106,352,573
Storage and maintenance services		
Revenue from technical maintenance of gas pipelines	12,380,669	12,045,362
Revenue from storage of gas	1,751,300	1,146,293
	14,131,969	13,191,655
	117,482,421	119,544,228

Transportation of gas for export

For the six months ended June 30, 2022, the volume of gas transported for export was 3.223 million cubic meters (for the six months ended June 30, 2021: 5.172 million cubic meters). The decrease in revenue in 2022 is due to an increase in the consumption of gas volumes in the domestic market of Kazakhstan. The entire volume of gas from the Karachaganak field was redistributed to the domestic market. In addition, since April 2022, there has been no gas export from Tengizchevroil LLP.

Transportation of Central Asian and Russian gas (transit)

For the six months ended June 30, 2022, 27.15% of the total revenue from sales was attributable to the Gazprom Group (six months ended June 30, 2021: 31.09%).

Revenue from technical maintenance of gas pipelines

For the six months ended June 30, 2022, the Company recognized revenue from maintenance of gas pipelines on an accrual basis from Beineu-Shymkent Gas Pipeline LLP for services to support the operation of the “Beineu-Bozoy-Shymkent” gas pipeline using the “Aral” and “1A Ustyurt” compressor stations for the total amount of 4,044,179 thousand Tenge (for the six months ended June 30, 2021: 4,726,119 thousand Tenge).

For the six months ended June 30, 2022, the Company generated 55.97% of its revenue from NC QazaqGaz JSC, 24.45% from Gazprom Group and 1.89% from Tengizchevroil LLP (for the six months ended June 30, 2021 of the year: 49% of NC QazaqGaz JSC, 28.56% of the Gazprom Group and 4.55% of Tengizchevroil LLP).

The Company recognizes revenue from gas transportation, storage and maintenance services over time.

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

20. COST OF SALES

<i>In thousands of Tenge</i>	For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited)
Salaries and social contributions	22,671,552	18,056,388
Expenses related to short-term leases	16,918,849	45,423
Depreciation and amortization	12,747,189	28,872,766
Transportation expenses	7,583,353	7,467,088
Fuel gas and gas losses	4,268,488	5,222,923
Taxes other than income tax	3,155,651	3,119,253
Security expenses	1,861,897	1,466,384
Repair and maintenance	1,228,343	1,074,745
Electricity	732,736	843,171
Third party services	685,966	891,411
Diagnostical expenses	617,381	425,949
Business trip expenses	497,183	388,271
Impairment of non-current assets (Note 4)	451,217	–
Communication expenses	441,782	508,155
Insurance	428,351	382,044
Materials and supplies	342,713	339,966
Air service expenses	311,005	192,272
Medical insurance	232,692	–
Unused vacation reserves	210,288	144,137
Other	232,312	317,676
	75,618,948	69,758,022

21. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of Tenge</i>	For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited)
Salaries and social contributions	3,073,615	2,548,973
Depreciation and amortization	561,050	705,302
Fines and penalties	415,183	7,750
Expenses related to short-term leases and leases of low-value assets	184,518	175,097
Utilities	144,085	146,660
Medical insurance	92,493	307,529
Third party services	79,266	93,435
Repair and maintenance	77,362	179,681
Professional services	75,541	149,031
Business and representative expenses	39,951	21,478
Communication	39,552	54,829
Taxes other than income tax	28,304	29,219
Education of students	23,948	18,730
Stationery and printing expenses	23,572	26,942
Security expenses	18,904	33,726
Other	225,516	154,808
	5,102,860	4,653,190

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

22. OTHER OPERATING INCOME

<i>В тысячах тенге</i>	За шесть месяцев, закончившихся 30 июня	
	2022 года (неаудиро- ванные)	2021 года (неаудиро- ванные)
Income from disposal of assets held for sale	2,348,867	645,225
Income from the write-off of lease liabilities	317,320	–
Income from the sale of inventories	107,324	199,570
Income from fines	70,953	46,167
Income from rent	21,961	26,455
Other	169,062	72,937
	3,035,487	990,354

23. FINANCE COSTS

<i>In thousands of Tenge</i>	For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited)
Amortization of discount on gas pipeline abandonment and site restoration provision (Note 15)	3,049,291	2,667,447
Interest expenses on bank loans (Note 13)	1,825,942	2,258,951
Interest expense on lease liabilities	56,773	1,720,911
Amortization of discount on bank loans	53,811	53,810
Amortization of discount on employee benefit obligations	19,100	66,200
Other	455,162	117,650
	5,460,079	6,884,969

24. INCOME TAX EXPENSES

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

<i>In thousands of Tenge</i>	For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited)
Current income tax expense	5,868,089	9,151,649
Deferred income tax expense	2,571,141	380,418
	8,439,230	9,532,067

25. RELATED PARTY TRANSACTIONS

Related parties include key management personnel of the Company, companies included in QazaqGaz Group, Samruk - Kazyna Group as well as Companies under joint control of QazaqGaz and Samruk-Kazyna.

Terms and conditions of transactions with related parties

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

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

25. RELATED PARTY TRANSACTIONS (CONTINUED)

Terms and conditions of transactions with related parties (continued)

The major transactions with related parties for the periods ended June 30, 2022 and December 31, 2021 were as follows:

<i>In thousands of Tenge</i>	For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited)
Revenue from contracts with customers		
Transportation services		
QazaqGaz and companies under its control	64,792,472	57,443,481
Companies under joint control of Samruk-Kazyna	3,186,566	8,594,431
	67,979,038	66,037,912
Storage of gas		
QazaqGaz and companies under its control	1,751,300	1,146,293
	1,751,300	1,146,293
Revenue from technical maintenance of gas pipelines		
QazaqGaz and companies under its control	6,940,775	6,015,390
Companies under joint control of QazaqGaz	4,733,527	5,402,079
Companies under control of Samruk-Kazyna	7,576	7,306
	11,681,878	11,424,775
	81,412,216	78,608,980
Finance income		
QazaqGaz and companies under its control	640,077	640,652
	640,077	640,652
Sale of other assets		
Companies under joint control of QazaqGaz (Note 5)	42,726,460	42,886,487
	42,726,460	42,886,487
Other income from related parties		
QazaqGaz and companies under its control	19,828	19,067
Companies under joint control of QazaqGaz	2,053	2,053
Companies under control of Samruk-Kazyna	1,961	1,595
	23,842	22,715
Purchases of natural gas		
QazaqGaz and companies under its control	4,163,892	5,178,135
	4,163,892	5,178,135
Other goods and services from related parties		
Companies under joint control of Samruk-Kazyna	16,914,266	1,100,399
QazaqGaz and companies under its control	7,648,295	6,395,090
Companies under control of Samruk-Kazyna	1,295,206	241,232
	25,857,767	7,736,721
Finance costs		
Other entities controlled by the Government	5,137	–
Companies under joint control of Samruk-Kazyna	–	1,650,577
	5,137	1,650,577

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

25. RELATED PARTY TRANSACTIONS (CONTINUED)

Terms and conditions of transactions with related parties (continued)

<i>In thousands of Tenge</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Trade and other receivables		
Companies under joint control of QazaqGaz	59,203,646	9,755,112
QazaqGaz and companies under its control	33,390,760	16,635,984
Companies under joint control of Samruk-Kazyna	8,752	17,526
Companies under control of Samruk-Kazyna	2,110	2,046
	92,605,268	26,410,668
Advances paid		
Companies under control of Samruk-Kazyna	6,179	3,093
	6,179	3,093
Trade payables for purchased gas		
QazaqGaz and companies under its control	2,299,770	1,181,096
	2,299,770	1,181,096
Trade payables for received assets and services		
QazaqGaz and companies under its control	3,480,723	1,179,504
Companies under control of Samruk-Kazyna	1,107,975	493,816
	4,588,698	1,673,320
Other financial liabilities		
Companies under joint control of Samruk-Kazyna	16,265,696	4,064,270
Other entities controlled by the Government	540,263	-
Companies under control of Samruk-Kazyna	2,869	14,738
QazaqGaz and companies under its control	779	544
	16,809,607	4,079,552
Contract liabilities		
Companies under joint control of Samruk-Kazyna	227,362	2,451,951
	227,362	2,451,951
Loans from related party		
QazaqGaz and companies under its control	48,414,447	44,845,516
	48,414,447	44,845,516

Dividends paid to the Shareholder

During the six months ended 30 June 2022, the Company paid dividends to QazaqGaz in the amount of 3,114 thousand Tenge (for the six months ended 30 June 2021: 91,685,171 thousand Tenge).

Compensation to key management personnel

Key management personnel are members of the Management Board and Independent Directors of the Company, with a total of 8 people as of June 30, 2022 (June 30, 2021: 7 people). Key management personnel compensation included in administrative expenses in the interim statement of comprehensive income is 81,117 thousand Tenge for the six months ended June 30, 2022 (June 30, 2021: 56,256 thousand Tenge). The amount of remuneration to key management personnel paid from the reserve created in the year of the previous payment year is 12,506 thousand Tenge for the six months ended June 30, 2022 (for the six months ended June 30, 2021: 256,241 thousand Tenge).

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

26. COMMITMENTS AND CONTINGENT LIABILITIES

Environmental matters

In accordance with the legislation, the Company has legal obligations to dismantle and liquidate fixed assets and restore land plots. In particular, the Company's obligations include the dismantling of gas pipelines and land reclamation. As at 30 June 2022, the provision amounted to 50,377,839 thousand Tenge (31 December 2021: 86,229,418 thousand Tenge).

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

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

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Carrying amount		Fair values	
	June 30, 2022 (unaudited)	December 31, 2021 (audited)	June 30, 2022 (unaudited)	December 31, 2021 (audited)
<i>In thousands of Tenge</i>				
Financial liabilities				
Loans from related party (Level 2)	48,414,447	44,845,516	44,331,083	45,832,004
Bank loans (Level 2)	33,988,523	37,978,477	34,411,850	38,455,614
	82,402,970	82,823,993	78,742,933	84,287,618

Estimates and assumptions

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

The management of the Company has determined that the fair value of cash and bank deposits, trade and other receivables, trade and other payables and all other financial instruments approximates their carrying amount mainly due to short-term nature of these instruments. The fair value of unquoted instruments, loans from banks and related parties and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Fair value hierarchy

Fair value of long-term loans received as at June 30, 2022 and December 31, 2021 was assessed using significant observable inputs (Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

28. SUBSEQUENT EVENTS

In accordance with the loan agreement dated July 12, 2021 with QazaqGaz, on July 7, 2022, the Company received the sixth tranche in the amount of 3,676,028 thousand Tenge to finance the investment project "Construction of a gas pipeline from the Kashagan complex gas treatment plant to the Makat North-Caucasus gas pipeline" with a compressor station".

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