



ЕмбіМұнайГаз

АКЦИОНЕРЛІК ҚОҒАМЫ

Management Report

03

Management Report

Business Environment Review

The main macroeconomic factors affecting the financial position of the Company include the dynamics of oil prices, inflation rates, fluctuations in exchange rates, in particular, the KZT-to-USD exchange rate.

Key Macroeconomic Indicators Dynamics

Name	2016	2017	2018	2019
Average Brent price (DTD)	43.73	54.19	71.31	64.21
Inflation rate – Kazakhstan (%)	8.50%	7.10%	5.00%	5.75%
Average exchange rate (KZT to 1 USD)	342.16	326	344.71	382.75

The average Brent price in 2019 decreased by 10% compared to the level of 2018. Besides fundamental economic factors (supply and demand), the oil market is extremely sensitive to geopolitical events. Currently, the oil market can be affected by several key geopolitical confrontations, both in the direction of increasing and decreasing oil prices: trade war between the USA and China, Brexit, sanctions against Iran and Venezuela, the US presidential election 2020, the Middle East (Syria, Yemen) instability, India – Pakistan armed conflict.

Around 55 tln barrels of oil equivalent of hydrocarbon reserves have been discovered in the world. Existing technologies allow producing around 4.9 tln o.e. barrels. With advances in technology, by 2050, technically recoverable reserves can grow by 50% – this is one of the reasons why Embamunaigas JSC place high emphasis on development of new technologies and innovations.

According to the RoK Ministry of Energy preliminary data, the volume of oil production in Kazakhstan in 2019 amounted to 90.4 mln tonnes. Thus, the record rates of 2018 were maintained, when production rates reached 90.36 mln tonnes. Maintaining high production rates is a significant achievement, given repairs carried out on large projects (Tengiz, Karachaganak and Kashagan).

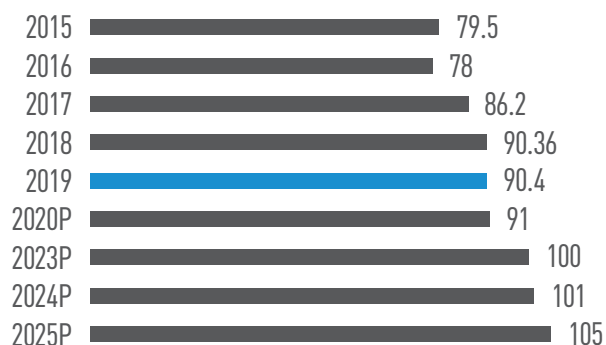
By 2025, the annual oil production in Kazakhstan is expected to reach 105 mln tonnes, which will be ensured primarily by investment projects to expand and extend production at largest projects.

According to preliminary data, gas production in 2019 amounted to 56.3 bln cubic meters, or 1.4% to 2018. According to the RoK Ministry of Energy, the volume of domestic gas consumption is annually growing at the level of 4–5%. In 2019, domestic gas consumption amounted to 15.8 bln cubic meters (5% increase as compared to 2018).

Management Report [continued]

Operating Results | Oil Production

Oil Production in Kazakhstan, mln tonnes



Source: RoK Ministry of Energy

Operating Results

Oil Production

In 2019, the volume of oil production exceeded the planned value by 4.69 thous. tonnes and also exceeded the level of 2018 by 4.36 thous. tonnes, which was no less significant. In total, 2,899.69

thous. tonnes were produced in 2019. The average daily oil production amounted to 7,932 tonnes per day. The plan for 2020 is set at the level of 2,820 thous. tonnes.

Oil production within Embamunaigas JSC, thous. tonnes

OGPO	2014	2015	2016	2017	2018	2019		2020	
	Actual	Actual	Actual	Actual	Actual	Plan	Actual	Var.	Plan
Zhaiymunaigas OGPO	962.6	960.3	954.2	953.7	944.2	922.0	923.3	1.3	881.0
Zhylyoimunaigas OGPO	964.5	962.6	989.1	1,034.9	1,109.9	1,118.6	1,120.4	1.8	1,100.7
Dossormunaigas OGPO	404.7	411.8	404.3	371.5	366.5	365.3	365.8	0.5	358.1
Kainarmunaigas OGPO	490.9	488.4	484.4	479.9	474.8	489.1	490.2	1.1	480.2
Embamunaigas JSC	2,822.7	2,823.0	2,832.0	2,840.0	2,895.3	2,895.0	2,899.7	4.7	2,820.0

Management Report [continued]

Operating Results | Associated Petroleum Gas Production

Associated Petroleum Gas Production

Associated petroleum gas is produced at 25 fields of Embamunaigas JSC.

Associated petroleum gas production, thous. m³

Indicators	2017	2018	2019		2020	
	Actual	Actual	Plan	Actual	Var.	Plan
Zhaiymunaigas OGPO	24,858.2	30,035.0	37,490.8	37,594.7	103.9	28,984.4
Zhylyoimunaigas OGPO	146,834.4	163,878.6	194,379.5	194,465.0	85.5	168,053.5
Dossormunaigas OGPO	19,709.4	19,116.9	19,164.3	19,197.7	33.4	18,584.5
Kainarmunaigas OGPO	8,353.7	8,197.8	8,892.5	8,916.0	23.5	9,042.1
Embamunaigas JSC	199,755.6	221,228.4	259,927.1	260,173.4	246.3	224,664.5

Geological Exploration

Seismic exploration

As part of the state geological study of the subsoil, 2D CDPM seismic surveys were conducted at the Emba-5 site of the Aktobe region, processing and interpretation of obtained data were completed. Besides that, works on the long-term contract "Building geological model based on retrospective seismic data in the subsoil use areas of Embamunaigas JSC with the application of Multifocusing technology" were completed.

3D CDPM field seismic exploration at the Karaton-Sarkamys and Taisoigan Exploration Blocks, were conducted. Currently, processing and interpretation of the data is being carried out. Also, works on re-processing and re-interpretation of 3D CDPM data at the Zhanatalap field were completed.

Prospecting and exploratory drilling

Under Contract No. 327, in 2019, 7 wells were drilled, of which 4 appraisal wells, 2 pre-drilled-producing

wells of the Northern Uaz field and 1 appraisal well No. 101 of the Uaz field. Based on the drilling and testing results, oil free flows were obtained in 4 wells. Under Contract No. 3577, the NSV-11 well is being drilled at the S. Nurzhanov field.

Research and development

In 2019, current estimation of oil and dissolved gas reserves of the Western Karasor field was carried out. The oil and gas reserves of the Botakhan, Dosmukhambetovskoye, Kenbai and S. Nurzhanov fields were re-estimated.

The project of trial operation of the Western Karasor field and the Addendum to the Exploration Project at the Karaton-Sarkamys block with drafts of Preliminary assessment of the environmental impact of the proposed activity have been agreed with the Central Commission for the Exploration and Development of Minerals of the Republic of Kazakhstan.

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Operating Results | Capital Expenditures

Capital Expenditures

The Company carries out active investment policy aimed at implementing the investment potential. All investments are made in accordance with the Strategic priorities, and are aimed at overcoming limitations of the Company and achieving its strategic goals.

In 2019, capital expenditures of Embamunaigas JSC amounted to 40.2 bln KZT. Last year, 36% of CAPEX accounted for production drilling, 28% for construction operations, 21% for the acquisition of fixed assets and 10% for prospecting and exploration drilling.

Capital expenditures, mln KZT

Investment items	2015	2016	2017	2018	2019
Construction operations	10,685	30,989	12,618	13,920	12,132
FA and IA purchase	5,564	3,536	8,375	12,175	8,982
Production drilling	9,213	8,253	8,632	9,306	14,331
Prospecting and exploration Drilling	2,163	4,620	8,118	8,158	3,832
Other	549	1,271	304	641	885
Total, CAPEX	28,174	48,669	38,047	44,201	40,162

Sale

Oil sale

In accordance with the current legislation of the Republic of Kazakhstan, Embamunaigas JSC is obliged, as a matter of priority, to transport oil in the direction of AOR and POOR in order to saturate the domestic market with oil. Oil can be transported for export upon fulfillment of obligations on oil supplies to the domestic market. RoK Ministry of Energy determines the amount of oil for processing and transportation on the territory of the RoK and beyond in the volumes

necessary to cover the needs of the domestic market in fuels and lubricants.

In 2019, the Company supplied 503.3 thous. tonnes of oil to the domestic market, which is 17.51% of the total sales for the year. Supply to the domestic market is carried out by direct sale with transportation to the RoK refineries, where the only buyer of oil from the resources of the Company is KazMunayGas NC JSC.

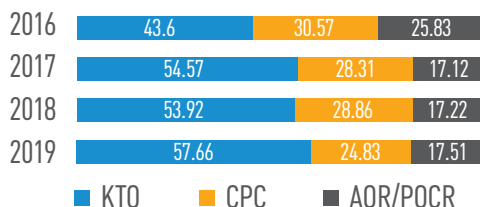
Volume of Oil Sales by Directions, thous. tonnes

Direction	2015	2016	2017	2018	2019
KTO	1,571	1,226	1,526	1,546	1,658
CPC	766	860	792	811	714
AOR/POOR	475	726	479	492	503
TOTAL:	2,813	2,811	2,797	2,849	2,875

Management Report [continued]

Operating Results | Sale

Oil Sales Structure by Directions, %



The Company supplies oil for export via two main routes: through the Caspian Pipeline Consortium (CPC) and Uzen – Atyrau – Samara (UAS). The indicated pipelines lead to the seaport of Novorossiysk, Krasnodar Krai, RF, while the CPC direction transports oil to the CPC sea terminal in the Yuzhnaya Ozereyevka village (Novorossiysk, RF), and the direction of the UAS pipeline leads to the Sheskhari transshipment complex (Novorossiysk, RF). After transportation of oil to the terminals is completed, oil is loaded onto tankers for shipment to the world markets. Oil sales on CPC direction in 2019 amounted to 713.6 thous. tonnes (24.83% of total sales). Oil sales on UAS direction for 2019 amounted to 1,654.6 thous. tonnes (57.66%).

Export sales are carried out on the basis of commission agreement with KazMunayGas NC JSC. KazMunayGas NC JSC sells oil from the resources of Embamunaigas JSC, at that, the Company pays KazMunayGas NC JSC remuneration for the sale of oil, and also pays forwarding services in the CPC direction. KazMunayGas Trading AG is the only buyer of oil from the resources of Embamunaigas JSC in two export directions.

Oil transportation from the Company's resources to the domestic market and export is carried out only through the pipeline as part of commission agreement with KazMunayGas NC JSC. KazMunayGas NC JSC on behalf of and under instruction of Embamunaigas JSC concluded oil transportation agreements with pipeline companies (KazTransOil JSC, MunayTas LLP, KCP LLP, CPC-R CJSC and CPC-K JSC).

Sale of marketable gas and granulated sulphur

Embamunaigas JSC prepares marketable gas at two GTUs at S. Balgimbayev, Eastern Makat fields, as well as one CGTU Prorva. In accordance with the current legislation of the Republic of Kazakhstan providing for the pre-emptive right of the state to purchase gas, gas is sold to the national operator (KazTransGas JSC) at a price not higher than that approved by the RoK Ministry of Energy (in 2019, the approved price amounted to 1,930.40 KZT excluding VAT per 1,000 m³).

Volume of Gas Sales, amount, thous. m³



In 2019, the Company sold the first volumes of granular sulfur produced at the CGTU Prorva. Granular sulfur was sold ex-works from the CGTU. Sales volume in 2019 amounted to 224.0 tonnes.

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Production Automation

Production Automation

Embamunaigas JSC implements a wide range of technological innovations in order to achieve the strategic goals of the Company. We develop and support advanced solutions providing higher business efficiency and transparency due to increased employee productivity and lower costs.

Continuous automation of the main and auxiliary processes, as well as development of security and telecommunications systems, will increase labor productivity and the level of occupational safety.

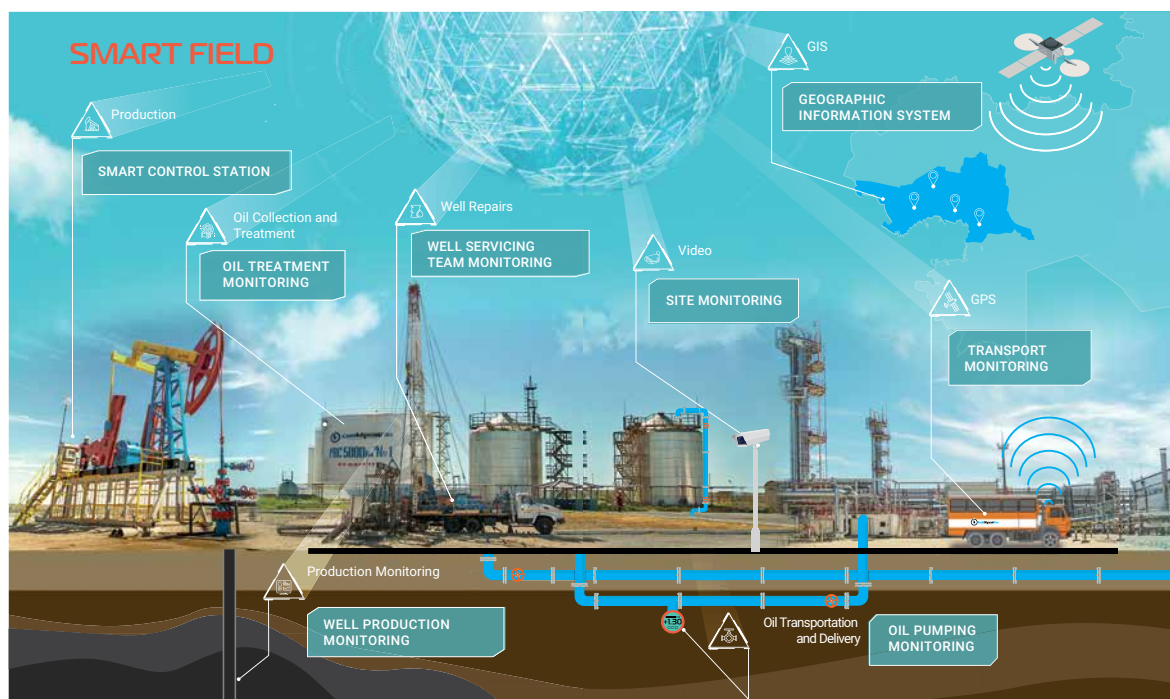
Key initiatives:

1. Phased implementation of the “Smart Field” pilot project with replication to the fields of Embamunaigas JSC will significantly improve the quality of operational production management by automating real-time data processing; will reduce likelihood of

emergencies with production equipment, will ease working conditions of the production personnel, ensure safety of production equipment by remote control of access to process areas and switchboard rooms.

Timeline: 2017–2023. Implementation costs – about 3.6 bln KZT.

2. Implementation of the project of complex automation of technological processes will reduce energy consumption, perform remote monitoring, ease working conditions, ensure the safety of production equipment, increase the level of safety, will reduce the risk of likelihood of emergencies, provide data protection and communication efficiency.
Timeline: 2017–2023. Implementation costs – about 8 bln KZT.



Management Report [continued]

Production Automation | Science Support

Science Support

Embamunaigas JSC provides strong support to the national science development, for example, in relation to the scientific activities of KBTU JSC (Kazakh-British Technical University). In November 2018, a Memorandum on scientific and technical cooperation was signed between Embamunaigas JSC and KBTU JSC. The Embamunaigas JSC management got acquainted with the promising research of scientists of KBTU JSC and outlined challenging issues associated with improving oil production efficiency.

In December 2018, management of the Company was presented with joint project “Development and testing of new high-efficient polyampholyte dyes for conducting tracer studies of the inter-well space of reservoir layers of Embamunaigas JSC oil fields of KBTU JSC and the Institute of Polymer Materials and Technologies. As a result of which, in January 2019, the Embamunaigas JSC and KBTU JSC signed an Agreement on Development of stable connections for tracer studies with training at the OGP RDC.

The project is aimed at creation and testing of new high-efficiency polyampholyte dyes; development of technology for conducting studies of inter-well space of reservoir layers of Embamunaigas JSC oil fields on the basis thereof; development of a software package for interpreting research results and training of technical personnel of Embamunaigas JSC.

In the course of the project, an original, domestic polyampholyte dye was obtained for the first time, which is resistant to salts, sorption by rocks, and changes in acidity and temperature of the oil level. Polyampholyte dye tests at the laboratory bench at the Institute of Polymer Materials and Technologies and pilot tests at Embamunaigas JSC at two injection and 17

production wells of the Eastern Moldabek field showed its high efficiency. The software package developed by the programmers of KBTU JSC was successfully applied in order to interpret the tracer studies results obtained during the test.

12 specialists of Embamunaigas JSC were trained in working with the software package that allows to determine the reservoir properties of the inter-well space of reservoir layers of oil fields. An application for “Method for producing polyampholyte tracer” invention has been filed.

Technical and economic comparison of the results of the pilot testing showed dominance of the polyampholyte dye in terms of performance over the well-known imported tracer – sodium fluorescein.

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Procurement Activities

Procurement Activities

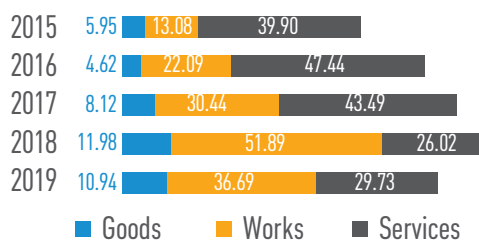
The Company conducts procurement activities in accordance with the Rules for the Procurement of Goods, Works and Services by Samruk-Kazyna National Welfare Fund Joint-Stock Company and organizations with fifty and more percent of voting shares (interest) owned whether directly or indirectly by Samruk-Kazyna JSC, whether as a property or upon trust management. The Rules determine the procedure for customers to purchase goods, works or services at their own expense.

In accordance with the Rules, Embamunaigas JSC gives precedence to commodity producers – members of the Holding's commodity producers register (CPH). In the procurement process, conditional discounts for CPH up to 5% are applied. Beyond that, 30% advance payment is provided when concluding agreements with domestic commodity producers.

In order to support domestic suppliers, the Company is working on local content development in the structure of procured goods and services. The Company meets with domestic

commodity producers, where the Company, in particular, presents its need for goods for the next year, provides a list of goods for which it is necessary to master production in Kazakhstan, gives requirements for suppliers and procurement procedures, etc. Embamunaigas JSC employees participate in factory and laboratory tests, which contributes to the participation of diligent commodity producers in the procurement and supply of quality goods.

Procurement Volume, bln KZT, VAT exclusive



2019 Procurement Volume, mln KZT, VAT exclusive

Name	Amount	Performance, %	LC share
Total procurement plan for 2019	81,390.08	100	
including			
Goods	12,129.86	14.9	
Works	38,257.42	47.0	
Services	31,002.80	38.1	

Management Report [continued]

Financial Review

Name	Amount	Performance, %	LC share
Total procurement under concluded contracts	77,367.35	95.1	
including			
Goods	10,941.45	90.,2	48.0
Works	36,692.14	100.0	97.0
Services	29,733.76	100.0	98.0
Savings under the contracts	3,931.65	4.8	
including			
Goods	1,137.86	9.4	
Works	1,532.74	4.0	
Services	1,261.05	4.1	

Financial Review

This section is based on the audited financial statements of the Company.

Key Financial Indicators, mln KZT

	2019	2018	Variation
Oil production, thous. tonnes	2,875	2,849	0.9%
Receipts (income)	450,945	432,250	4.3%
Cost of sales	-150,631	-136,478	10.4%
Gross income	300,314	295,772	1.5%
General and administrative expenses	14,413	-45,098	-132.0%
Transport and selling costs	-154,562	-155,497	-0.6%
Other operating expenses	-26,189	-2,742	855.0%
Operating income (loss)	133,976	92,434	44.9%
Financial income /(expenses), net	-2,018	-1,882	7.2%
Foreign exchange difference	-1,102	21,868	-105%
Other profit /(loss) net	-889	535	66.1%

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Financial Review | Sales

	2019	2018	Variation
Profit/(loss) before tax	131,746	112,955	16.6%
Corporate income tax expenses	-30,345	-29,566	2.6%
Net profit/(loss) over the year	101,401	83,389	21.6%

Oil sales in 2019 were in line with the targets and high levels of 2018 (1% increase). At that, receipts grew by 4% by 2018 and reached 450.9 bln KZT.

rate differences in the amount of 1.1 bln KZT. In addition to cost price, total expenses reduced by 28% by 2018.

Cost price increased by 10% by 2018. While other expenses significantly reduced, primarily due to restoration of the environmental reserve in the amount of 25.4 bln KZT (34.5 bln KZT was accrued in 2018). At that, in 2018, a significant income from exchange rate differences in the amount of 21.9 bln KZT was received, while as of the end of 2019, there was a loss from exchange

As a result, receipts from operating activities in 2019 was 48% higher than in 2018 and was 50% higher than planned, reaching 137.8 bln KZT. Net profit exceeded the targets by 39.9 bln KZT (or 64.8%) and surpassed the high indicator of 2018 by 22%. As of the end of 2019, net profit reached 101.4 bln KZT.

Sales

Volume of Oil Sales by Directions, mln KZT

Direction	2015	2016	2017	2018	2019
KTO	118,432	126,832	187,983	262,216	289,378
CPC	60,767	92,944	101,250	143,444	129,098
AOR/POCR	17,588	22,281	18,184	26,098	31,953
TOTAL:	196,788	242,058	307,418	431,758	450,429

Average Selling Prices, KZT / tonne

Direction	2015	2016	2017	2018	2019
KTO	75,371	103,473	123,155	169,651	174,577
CPC	79,304	108,137	127,898	176,781	180,907
AOR/POCR	37,000	30,688	37,966	53,009	63,486
TOTAL:	69,958	86,101	109,910	151,527	156,697

Management Report [continued]

Financial Review | Cost

Volume of oil sales in kind increased by 1% in 2019 compared to the 2018 level and amounted to 2,875 thous. tonnes. In monetary terms, the growth amounted to 4% to 450.4 bln KZT. In 2019, in the directions structure, 93% of sales are accounted for by export directions and 7% to domestic ones.

Growth in export directions in monetary terms increased by 3% to 418.5 bln KZT. While growth in the KTO direction amounted to 10%, the CPC direction sales volume decreased by 10%. Relative price stability was also observed in export directions.

In 2019, the volume of domestic sales in monetary terms increased by 22% to 31.95 bln KZT. The cost of a tonne of oil, on average, increased by 20%, and the volume of sales in kind increased by 2%.

Cost

Cost Analysis, mln KZT

Indicator	2018	2019	Variation
Staff remuneration	47,516.97	46,216.56	-3%
Mineral tax	38,382.68	42,252.43	10%
Depreciation, depletion and amortization	19,583.79	26,166.37	34%
Maintenance and repair	14,307.64	17,090.61	19%
Taxes, other than income tax	3,726.81	5,373.89	44%
Materials and stock	2,722.61	3,437.79	26%
Power consumption	2,992.29	2,846.63	-5%
Transportation costs	4,519.29	1,139.06	-69%
Changes in provision for environmental liability	-109.12	-25.18	-77%
Reduced liabilities for asset retirement exceeding total capitalized asset	-821.19	-	-100%
Other	5,898.53	5,312.46	-10%
	138,818.50	150,050.60	8%
Changes in oil residue	-2,340.65	580.18	-125%
Total, cost	136,477.85	150,630.78	10%

Cost of sales in 2019 increased by 10% as compared to the 2018 level, or by 14.3 bln KZT and amounted to 150.6 bln KZT. Growth was due to an increase in 6.7 bln KZT in expenses for depreciation and amortization, an increase in mineral tax expenses in 3.9 bln KZT, maintenance and repair expenses in 2.8 bln KZT and expenses on materials in 1.6 bln KZT.

31% of the cost structure in 2019 is comprised by staff remuneration, mineral tax – 28%, depreciation and amortization – 17%, and repair and maintenance – 11%.

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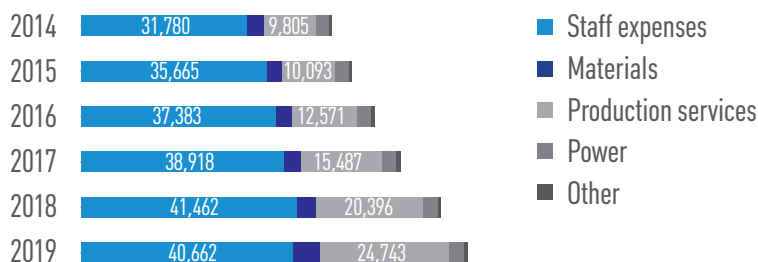
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Financial Review | Lifting

Lifting


Lifting Costs, mln KZT



Specific lifting (the ratio of operating costs to production) in 2019 amounted to 25.6 thous. KZT per tonne and increased by 7% vs. 2018. Operating expenses increased in 2019 by 8%, or by 5.2 bln KZT and amounted to 74.3 bln KZT as of the end of the year. At that, the values were 9% lower than targeted ones. Growth vs. 2018 was due to an increase in 4.3 bln KZT for production services expenses and in 1.7 bln KZT for materials.

As of the end of 2019, 55% of operating expenses – staff remuneration, 33% – production services, 7% – materials, 4% – power.

Specific cost of one tonne of oil in 2019 amounted to 51.9 thous. KZT – 9% higher than in 2018.

 **25,608**
 KZT/tonne
 Specific lifting
 (operating) costs,
 2019

As of the end of 2019,
 55% of operating
 expenses – staff
 remuneration, 33% –
 production services,
 7% – materials,
 4% – power.

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Financial Review | Other Operational Expenses

Other Operational Expenses

Other Operating Expenses Analysis, mln KZT

Indicator	2019	2018	Variation
Rent tax	58,608	63,900	-8%
Export customs duty	54,107	53,890	0%
Transportation costs	41,627	37,489	11%
Sales agent fee	219	218	1%
Total, sales costs	154,562	155,497	-1%
Staff remuneration	5,226	4,900	7%
Depreciation, depletion and amortization	1,080	2,150	-50%
Consulting and auditing services	808	131	519%
Maintenance and repair	780	485	61%
Taxes, other than income tax	696	292	138%
Fines and penalties	598	951	-37%
Transportation costs	493	445	11%
Accrual / (reversal) of provision for doubtful accounts receivable	9	33	-74%
Sponsorship	-10	207	-105%
Other	1,327	997	33%
Total, general and administrative expenses	11,007	10,593	4%
Exploration costs	19,577	1,678	1067%
Environmental provision (restoration/accrual)	-25,420	34,506	-174%
Impairment of exploration assets	3,418	1,64	221%
Other profits	-1,624	-1,233	32%
Other loss	985	699	41%
Total, other expenses	-3,064	36,713	-108%
Total, expenses	162,505	202,803	-20%

In 2019, sales costs remained approximately at the level of 2018, having decreased only by 1% to 154.6 bln KZT. Decrease in rent tax costs by

5.3 bln KZT was largely compensated by increase in transportation costs by 4.1 bln KZT. As of the end of 2019, 38% of sales costs were rent tax,

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Financial Review | Taxation

export customs duties – 35% and transportation costs – 27%.

General and administrative expenses increased in 4% in 2019 to 11 bln KZT.

Other operating expenses decreased in 2019 by more than 100%, or 39.7 bln KZT. This was largely

due to restoration of the environmental provision in 25.4 bln KZT (instead of accrual in the amount of 34.5 bln KZT in 2018). At that, exploration expenses were significantly increased – in 17.9 bln KZT.

As a result, in addition to cost, other operating expenses decreased in 2019 by 20% and amounted to 162.5 bln KZT.

Taxation

Tax Expenses, mln KZT

Indicator	2019	2018	Variation
Rent tax	58,608	63,900	–8%
Export customs duty	54,107	53,890	0%
Mineral tax	42,252	38,383	10%
Property tax	1,989	1,785	11%
Pollution tax	–655	1,969	–133%
Other taxes	741	1,057	–30%
Social tax	3,058	3,091	–1%
Total, taxes other than CIT	160,101	164,074	–2%

Indicator	2019	2018	Variation
Profit before tax	131,747	112,955	17%
Income tax expenses	30,345	29,566	3%
Effective tax rate	23%	26%	–12%

Increase in profit before tax amounted to 17% in 2019, as a result of which the year indicator amounted to 131.7 bln KZT. There was an increase in revenue as well as a decrease in operating expenses. In 2019, increase in income tax was 3%, and in effective tax rate – 23%.

In 2019, the amount of accrued taxes other than CIT amounted to 160 bln KZT, and barely changed as compared to the 2018 level (2% decrease). Other than CIT, 37% of taxes accounted for rent tax, export customs duty – 34%, and mineral tax – 26%.

Management Report [continued]

Financial Review | Capital and Liquidity

Capital and Liquidity

The Statement of Financial Position, mIn KZT

Indicator	As of December 31		Variation
	2019	2018	
Assets			
Long-term assets			
Fixed assets	204,239	187,656	9%
Exploration and appraisal assets	16,388	19,302	-15%
Intangible assets	2,348	1,384	70%
Other financial assets	38,554	38,005	1%
Deferred tax assets	16,866	10,380	62%
VAT receivable	11,033	-	-
Advances paid for long-term assets	2,895	2,154	34%
Total, long-term assets	292,323	258,882	13%
Current assets			
Inventory	9,375	10,944	-14%
Prepaid income tax	1,646	3,968	-59%
Prepaid taxes and VAT receivable	22,856	15,899	44%
Advances paid and deferred expenses	2,384	3,507	-32%
Trade and other accounts receivable	42,414	30,839	38%
Cash and cash equivalents	39,189	111,446	-65%
Total, current assets	117,864	176,604	-33%
Total, assets	410,187	435,486	-6%
CAPITAL			
Authorized capital stock	162,400	162,400	0%
Retained earnings	134,777	153,033	-12%
Total, capital	297,177	315,432	-6%
LIABILITIES			
Long-term liabilities			
Historical liabilities	6,128	5,807	6%
Provisions	31,702	24,151	31%
Total, long-term liabilities	37,830	29,958	26%

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Management Report [continued]

Financial Review | Capital and Liquidity

Indicator	As of December 31		Variation
	2019	2018	
Current liabilities			
Historical liabilities	888	1,574	–44%
Provisions	13,788	36,329	–62%
Mineral tax and rent tax payable	26,053	23,287	12%
Income tax liabilities	7,500	–	–
Trade and other accounts payable	26,951	28,906	–7%
Total, current liabilities	75,180	90,095	–17%
Total, liabilities	113,010	120,053	–6%
Total, liabilities and capital	410,187	435,486	–6%

Assets of the Company in 2019 amounted to 410.2 bln KZT and decreased by 6% as compared to the 2018 level. Non-current assets account for 71% in the balance sheet structure. The amount of long-term assets increased in 2019 by 13% to 292.3 bln KZT. Growth was primarily due to an increase in the amount of fixed assets by 16.6 bln KZT or 9%. Current assets in 2019 decreased by 33% or 58.7 bln KZT and amounted to 117.9 bln KZT as of the end of the year. Setback was due to a decrease in the amount of cash and cash equivalents by 72.3 bln KZT.

As of the end of 2019, capital amounted to 297.2 bln KZT and decreased by 6% or by 18.3 bln KZT vs. 2018.

Setback was due to decrease in retained earnings. Liabilities decreased by 6% or in 7 bln KZT as of the end of 2019 to 113 bln KZT. At that, current liabilities decreased in 14.9 bln KZT to 75.2 bln KZT. While long-term liabilities grew in 7.9 bln KZT and amounted to 37.8 bln KZT as of the end of the year. In the liabilities structure, 33% accounted for long-term and 67% for short-term liabilities.

As of the end of 2019, the current liquidity ratio was 1.6 with a recommended value of more than 1. Free working assets amounted to 42.7 bln KZT. While the share of equity in the balance sheet structure was 72%. This points to the fact that the Company has strong financial position and sufficient liquidity provision.

Goals for 2020



Production plan performance



Increasing mean time between overhauls



Increasing the resource base



Solving associated gas issues



Human resources development



Reducing lifting costs
(reducing production costs)



Social stability



Injury- and incident-free operation,
ensuring the safety and health
of our employees



Performance
of financial and
economic indicators



Production automation

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